



DEPARTMENT OF STATE  
BRIEFING MEMORANDUM

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March 29, 1974

To: The Secretary

Through: T - Mr. Donaldson *WHD*

From: AF - Claude G. Ross *CGR*

Improving Cooperation with Nigeria

This is a propitious time to develop a sense of cooperation with Nigeria and to acknowledge its enhanced position in the context of US national interests. This paper analyzes the possibilities of successfully approaching the Federal Military Government (FMG) with proposals for cooperation in areas of foreign aid, military support and economic participation. However, a cautious appreciation of the Nigerian political experience over the last few years is appropriate and an analysis of that is also included. The sensibilities of the FMG were seriously wounded by the sense of isolation it experienced during the civil war and relations with the United States were strained during the years immediately following the January 1970 cessation of hostilities. This strain was reflected primarily in a stringent independence and in scrupulously arms length approaches to bilateral activities. Chief of State Gowon has been surprisingly successful in healing the wounds of the civil war and has scored other successes in the OAU and in the Commonwealth. With a rapidly strengthening sense of confidence, Gowon and his Government should be more responsive to suggestions that their developmental interests lead necessarily to closer ties with the United States.

A. Cooperation Through Official US Foreign Aid

Nigeria has been freed by the higher prices of the transformed petroleum market from the absolute necessity to exploit to the maximum its growing oil resources. The future development of its petroleum policies is expected to be shaped by more nationalistic impulses. In this mood of vigorous nationalism and well-heeled self-confidence, Nigeria may be expected to scorn self-serving

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offers of specific AID projects or financial incentives. Responsible FMG officials have come increasingly to the conviction that financial assistance is too inflexible to be of significant help to a country which expects \$8 billion in governmental oil revenues for the coming year. Even though per capita income in Nigeria remains at about \$100, American foreign aid must be recognized as having only a modest impact in a country blessed by this petroleum windfall. Expanded cooperation with Nigeria will necessarily be manifested in development projects, but it is expected that the FMG will want to pay its own bills for an imaginative application of US experience and expertise.

## B. Economic Cooperation

### 1. OPIC Bilateral Agreement

The development of a permanent economic structure is now Nigeria's primary goal. Toward that end Nigeria has invited the expansion of US investment capital into all economic sectors, especially as a balance to its heavy concentration in the petroleum industry. As an indication of this interest, the FMG, in December, suddenly accepted the US negotiating position on an OPIC bilateral agreement. After a dormancy of nearly a year, Nigerian negotiators rather surprisingly announced their willingness to sign the current US version of the agreement. That signing has now been delayed by objections recently raised by the Legal Advisor's Office and a memorandum for decision has been delivered to Deputy Secretary Rush for a reconciliation of the political and legal positions. An obvious first step in fostering economic cooperation with Nigeria would be to sign the OPIC agreement as soon as possible.

### 2. Sharing Technology

We should also establish more systematic means of responding to Nigerian efforts to take advantage of American technology and management expertise (in petroleum, aviation, and other fields), which are among the few US assets valued and actively sought by Nigeria. These assets reside mainly in US companies and universities, but also in a few USG agencies. Nigeria is generally prepared to pay cash for the requested work or training, but has frequently sought US facilitative assistance in making arrangements for such programs. Designation of an action office within the Department

responsible for processing such requests from Nigeria and elsewhere is an example of what could be a partial solution.

### 3. Participation of American Companies

One area of cooperation in technology transfers that has been suggested by Nigerian officials is the employment of Nigerian engineering graduates in American petroleum companies for practical training within the industry for periods of two to three years. This specifically envisions the same intensive exposure to petroleum engineering and management now reserved exclusively for American engineering graduates chosen for future managerial responsibilities. Nigeria anticipates a time when its nationals will be in responsible positions in all phases of its extraction industry. This suggestion should be explored for possible action in the responsible USG agencies. American companies should also be encouraged to lend their experience to the solution of a wide range of problems in education, health and community action. They should be instructed that an identification with a variety of local enterprises fosters recognition that they are an integral part of Nigerian national goals.

### 4. USG Participation in the Provision of Technical Aid

The USG also has the capacity for transferral of management and technological expertise. Specifically, the current FAA survey of Nigerian civil aviation should be followed by FAA agreement to manage that country's Civil Aviation Division if requested to do so. The FMG should be encouraged to use analogous USG agencies for their expert guidance in the development of a communications and transportation structure.

### 5. Coordination Between USG Economic Agencies

We should improve coordination between USG agencies to ensure that the impact of specific actions affecting Nigeria are not misinterpreted. (Closer cooperation by Exim Bank with State might have helped avoid embarrassment over a recent Exim Bank decision to suspend disbursements and freeze new credit agreements for Nigerian Government projects, due to a protracted delinquency on credits to Nigeria Airways. The restrictions were imposed by Exim Bank without requesting continuing collection efforts by our Embassy in Lagos despite

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indications that the delinquency resulted from inadvertent administrative oversights by Nigerian officials.)

### C. Military Cooperation

The civil war left many of the military planners in the FMG with serious doubts about the trustworthiness of US military support. Nigeria now intends to pursue a policy of buying arms from several different sources in order to establish a balanced dependence on foreign supply. Nevertheless, we should continue to offer military training to Nigeria under the Foreign Military Sales program (operating currently at a rate of 300 Nigerian trainees per annum at a cost to Nigeria of about \$2 million). We should also continue to be as responsive to FMG proposals for the purchase of US military equipment as we were in the current F-5E sale proposal, which is still subject to a final FMG decision.

### D. The Political Context

This is the appropriate time to begin to multiply the ties between the US and the FMG, but efforts to solidify those ties will be complicated by the remaining political differences between our two countries and by an atmosphere of heightened nationalism which affects all of Nigeria's current foreign relations. Nigeria's leaders are deeply committed to the African struggle for self-determination in the remaining white-controlled areas of the continent, and to the economic development efforts of the third world. The US is often seen as being either in opposition to Nigerian policies or as simply irrelevant to Nigeria's economic aspirations. US-Nigerian relations during its 1967-70 civil war were, as noted above, directly strained, first by our refusal to sell arms to the Federal Nigerian Government and then by Nigerian sensitivities over American private and official measures to step up relief in the war-affected areas. The latent mistrust of the US and other foreign powers generated during this period remains. Nigeria emerged from the war in an assertive spirit of self-reliance and independence; has clearly embarked on an increasingly successful campaign to assert the continental leadership to which Nigerians believe their large population (nearly one-fifth the people of sub-Saharan Africa) and substantial resource base entitle them.

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More important than the proliferation of specific cooperative links may be the convincing expression of US recognition that Nigeria has a major leadership role in Africa. A willingness to consult at high levels with Nigerian officials is at this juncture our potentially most important move toward cooperation. To the extent, however, that we are identified in the African eyes with South Africa, Rhodesia and Portugal, Nigeria will find it difficult to respond to positive gestures of cooperation by the US.

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