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Energy, Trade and Power in Shaping US-Nigeria Economy Relations

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Abstract

The objective of this study is to examine the role of oil, trade, and power in shaping United States–Nigeria economic relations; Emphasises was laid on how oil, trade and power have since independence outlined the relationship between the two countries. It also examined how energy has been able to change the perspective of the relation between the two states. The objective of the work is to explain how crude oil exportation has changed the economic diplomacy between the two countries. It also examines how trade and power has been able to move the global energy. The work chose a qualitative approach as a method to analyze the data. It also used secondary data relying on policy reports, statistical data and scholarly work. Publications about the beginning of US-Nigeria relations and the impact on the economic policy of the two countries were delved into. The theory of interdependence was used for the analysis. This explained the agreement between the two countries having areas that refused to correspond to each other in their economic relation thus creating figures for the distribution of power and authority. The paper found out that United States of America had dominated the exportation of oil right from the inception and oil has also in turned dominated the Nigerian trade. This has made energy the most important part of the bilateral economic diplomacy between Nigeria and the U.S. It was also discovered that the U.S shale energy had reduced its dependence on Nigeria for her Oil. It also configured the direction of trade, which made them to determine the market price of the crude oil. Moreover, the U.S. also moved its dedication to renew energy, reforms on governance and also invested in some other sectors of the Nigerian economy. The paper therefore concluded that the U.S.- Nigeria relations has created a big amount of emphasizes on Oil. To reduce its centrality would be based on the United States of America's decision. The paper recommended that Nigeria should vary the range of export product in her economy beyond dependence on oil; her other sectors should also be enhanced to ensure a vibrant bilateral economic relation. .

Keywords: Energy, Trade, Power, U.S.–Nigeria Relations, Energy Diplomacy.

The history of United States-Nigeria economic relation has been based on the relationship among Oil, trade and power. This has been going on for the past six decades. After the attainment of Nigeria independence in 1960, Nigeria discovered crude oil. This crude oil served as Nigeria's biggest energy resources that have controlled its external relation. Alongside this development, the United States emerged as one of the most important trade partner. For the developed world which

United States represent, Nigeria was seen as one of the developing countries in Africa that can produce the light, high quality crude oil that the States' refining wants. To the developing country which Nigeria represent, the support that has been provided by the U.S. portrays both valuable market and an important international partner who has the technological know how, capital and expertise needed to assist Nigeria in improving its petroleum industry. The unbalanced relationship displayed how energy served as not just a commodity but as an important determinant of the economic diplomacy that happens in the world and how power was distributed among states (U.S. Trade Representative, 2024).

Immediately after Nigeria gained independence from colonial rule, it continued the agriculture-based economy, which relied 100 percent on agricultural products such as the exportation of palm oil, groundnuts and cocoa. However, some years after independence, there was the discovery of crude oil in the Niger Delta, which transformed the Nigeria's economy. This discovery period was from the early 1960s. The petroleum exporting business became abundant that by early 1970s, the exportation of petroleum product became over 80 percent of government income and about 90 percent of foreign exchange revenue, which effectively reorganized Nigeria's trade policy (Library of Congress, 1991). The transformation made United States to become a partner in the restructuring process; with its multinational oil corporations like Chevron, Mobil and Texaco being the active players in the production and exploration. Due to the low sulfur content and efficient refining process, Nigeria's oil became prominent in the American Market. This made energy as one of the main source of the U.S.-Nigeria economic diplomatic relations.

U.S. became more concerned about how she could secures her energy sector after the global oil shock increased in 1970. During this time, the United State of America had to concentrate on Nigeria for the supply of crude oil. This made Nigeria a vital alternative producer of crude oil for the States, during this time, Nigeria was exporting millions of barrels of crude oil to the U.S every year. The over dependence was not distributed equally. The United States made sure that she varied her supply chain and continued to determine the bargaining power in the market while Nigeria on the other hand used oil exports to determine her fiscal stability and became increasingly dependent on the American market. The uneven relationship was brought to limelight when Nigeria introduced the Nigerian Enterprises Promotion Decree (NEPD) in 1972, which was later adjusted in 1977 since America controlled foreign investment and involvement in certain parts of the economy. Although NEPD was designed to declare that external forces did not control the Nigerian economy, the decree limited relations with businesses owned by Americans, which ensured divestment and also equity ownership (Heritage Foundation, 1997). Nevertheless, oil was still exceptional since American corporations were still operating profitably in Nigeria. This singular act casted a shadow over the petroleum market against the other broader pressures in relating with each other.

The creation of Structural Adjustment Programs (SAPs) in the mid-80s and the crisis that was caused by debts Nigeria owed reconceived the economic relation between Nigeria and the U.S. The requirements of the international lenders, which are always supported by the American government, focused attention on deregulation of the markets, privatization of state-owned enterprises and trade liberation. The reforms were meant to reduce state involvement in managing the Nigerian economy and invite foreign investment, which made the U.S. qualified to invest in Nigeria. This increased the Nigeria's dependency on foreign capital investment and the exportation of oil. However, tensions later aroused politically when the military continued to rule Nigeria straining diplomatic ties. The American government later imposed sanctions and stopped some aids during the 1990s Abacha regime, though the U.S. remained interested in the energy sector that made the oil sector too important to be neither touched nor discontinued (TheCable, 2025).

In the year 2000, which served as the beginning of the twenty-first century brought in new trade relations opportunities with the establishment of African Growth and Opportunity Act (AGOA). The law was made to improve African's involvement in the U.S. markets. Duty free entry was granted to so many products in thousand folds, provided that there is strict adherence to the standard provided by the economic and governance reforms. Nigeria strategically made herself one of the biggest beneficiaries of AGOA, sending crude oil worth billions of dollars every year under the provision of the law (Daily Trust, 2023). Yet the undeniable supremacy of oil in this transaction showed an inherent flow of vulnerability. Despite the opportunities Nigerian had, it failed to enlarge the non-oil sectors that had exportable products, limiting opportunities in agricultural sector such as other raw materials (like coal and tin), textiles and manufactured goods. Instead, petroleum products remained over 90 percent of all the exports that have to do with AGOA-related. This imbalance strengthen the problem Nigeria was having by making Nigeria to continue to export raw materials and import finished goods, making Nigeria a perpetual dependent system that was grounded in the world's economic system a historical pattern where Nigeria exported raw materials and imported manufactured goods, perpetuating a dependency structure rooted in the economic system of the world.

The revolution made by shale in the U.S. in 2000s changed the arrangement. Proceeds from horizontal drilling and hydraulic fracturing made the U.S. to increase domestic oil production to reduce drastically their dependence on crude oil importation and increase their record levels of oil production domestically. Unlike the peak levels in the 2000s when the U.S. depended on Nigeria for oil, by 2014, the demand for the Nigerian oil by the U.S. had reduced drastically by more than 90 percent (U.S. Energy Information Administration, 2015). The reduction in the U.S. demand for Nigeria's oil was a disaster for Nigeria. Nigeria losing one of her largest crude oil client and market emphasized the disadvantages of excessive reliant on just a trade partner and one commodity. Nigeria was left with no other choice than to channel towards India, China and Asian markets for the exportation of their crude oil. The shale boom in the United States signified higher energy self sufficiency which made her to reevaluate her engagement with Nigeria as a partner in other areas that needed the U.S.'s strategic contribution since Nigeria was no more an important supplier of crude oil.

In a redefined form, the U.S.-Nigeria diplomatic economic relation still maintained its significance regardless of the reduction in the oil export. Transactions between the two countries from 2015 to 2024 amounted to over ₦31 trillion, the surplus value Nigeria had was from energy exportations (TheCable, 2025). Although, U.S. now exports more things to Nigeria, which includes machinery, agricultural products, vehicles, refined petroleum, renewable energy and power sector reform all these have been included in the bilateral cooperation. This made the Obama administration to establish programs such as Power Africa to reassure the Africans of the administration's commitment to assist Nigeria in infrastructural development and energy diversification. All these supports were initiated to connect aid and governance reform investment, accountability and sustainable development. This will in turn lead to not only a strong economic relation but also a mechanism of influence (The Guardian, 2022).

Oil continued to determine trade flows, despite the diversification, this revealed the durability of energy in bilateral economic relation. Oil cannot be referred to as just an economic good, it is also an important resource that determines how states exercise power, form alliances, and manage vulnerability. The inequality in U.S.–Nigeria relations portrays the problems of interdependence, while Nigeria continue to depend so much on oil revenues and markets outside her shores, the United States has since inception of the relationship enjoyed more options in energy resources diversification. The U.S. shale uprising increased the volume of the inequality by minimizing U.S. dependence on Nigerian crude oil, therefore diminishing Nigeria's grip. Coincidentally, the inability of Nigeria to fully engage AGOA and to terminate overreliance on one export commodity underscores institutional constraints that causes over dependency (Daily Trust, 2023).

In addition, trade, oil and power in U.S.–Nigeria economic relations provides important views into the larger academic exchange of views in international political economy. This also explains how abundant resources can equally serve as an instrument of power and vulnerability for upcoming countries. It also highlights how world power transformation changes bilateral relations, making states that are not powerful to adjust to dynamics of power on the international stage. The Nigerian situation shows a self-contradicting abundance system. Though oil has given her so much income, it has also caused dependency, promoted over reliance on a single source of export and ensured that economic relations with America are highly strained. For the United States of America, the Nigerian issue emphasizes how energy security issues, commercial interests, and ability to persuade others conjoined in organising foreign economic policy with Africa. From the foregoing, it can be deduced that, this work is to examine what oil, trade, and power has been able to do in restructuring United States–Nigeria economic relations, with a special focus on how energy has from inception determined bilateral relations and continued to influence methods of working together and rivalry.

Literature Review

Scholars around the world have explained how oil, trade and power have been able to work together in ensuring economically related involvement between the U.S. and Nigeria laying emphasizes on time-hallowed dependency and prominent movement. Some strands of this literature highlight Nigeria's overdependence on crude oil exports and the socio-economic significance of that intention. For example, Shiro, Abjia, and Fadun (2022) explained the consequences of non-oil exports on the economic development of Nigeria beginning from 1981 to 2020, with ARDL and error-correction models, and declared that inspite of all the efforts of policies, exportations that has nothing to do with oil have had a little positive effect on GDP, while the dependency on oil export have had a significant negative effect on the non oil export growth. Corroborating this view is an article "An Analysis of the Economic Consequences of Nigeria's Dependence on Crude Oil Exports" (2022), in which the dependency on oil has been associated with the inability of economy to utilize other resources in the country. This has increased the unemployment rate, ensuring that the Nigerian economy is epileptic and also creating a wide gap between the few rich and the poor.

Other works have analysed trade policy structures and institutional frameworks. The non Oil policy, discussed in reports by the Nigerian Export Promotion Council, was channeled to encourage other exports that have nothing to do with oil, examples are cashew, cocoa, rice, rubber, leather and shea butter to serve as efforts to minimize Nigeria's overdependence on oil in her trade relations with other countries of the world. NEPC claimed that it is targeting a $100b on non-oil export (NEPC report, 2023). Though researchers explained that tariff burden and non-adherence to standards recognized internationally and poor infrastructural facilities had reduced the ability to harness the gains of accessing the U.S. market.

The third category of scholars evaluated the problems faced by the policy and regulation especially in the process of moving energy from one state to the other and also renewing energy sectors. Works recently done on Nigeria's renewable energy policy unveiled that there are ambitious targets in the master plan of the renewable energy. Problems such as regulatory constraints, inadequate coordination in the institutions and flexible legal structures limit the implementation of the policy (Ajia, 2025; "Policy Challenges and Opportunities for Renewable Energy Development in Nigeria," 2025). Studies on modeling like the energy plan explained that combining renewable sources with the generation of fossil fuel would by 2030 assist Nigeria to generate enough electrical power supply demand. This can also be achieved if the grid infrastructure is upgraded and there is involvement of technologies for storage (Ishaku & Quadri, 2025).

Scientific data gathered recently explained that there is a temporary increment in the sectors that has nothing to do with oil in Nigeria. For example, from the beginning of 2025 to the middle, the non-oil exportation increased with about 20 percent. This was caused by the exportation of cash crops like cocoa to the U.S. markets and other markets in the world (Reuters, 2025). Coincidentally, the Nigeria needs such as regular electric power supply and mini-grid that are renewable has been brought to limelight as Nigerians and government at all levels are now clamoring for trade that involves energy and power programs that goes beyond concentration on oil exportation (Reuters news, 2025).

In spite of all these contributions, there still exist some gaps that have not been filled in literature. To start with, there are inadequate researches that state the impact of some specific America's policy movement that occurs whether in demand, regulatory regimes or preference in trade on Nigeria's macroeconomic gauge, like what makes up its exports or employment rate. The works that have been carried out in the past are just explanative and involving a cross- sectional analyses in preference to examining exogenous variation. Additionally, specific data analysis and value-chain analyses are scarce relatively. The specific evidence that prevents some Nigerian cash crops or agricultural products from reaching the global markets is scarce under the AGOA or the U.S. standard. Also, although more attention was directed towards renewable energy and energy transition policy, researches most of the time fall short of providing the connection to the bilateral trade relation and the dynamics of power of the American clean energy diplomacy, investment or the transfer of technology to restructure Nigeria's ability to influence other countries on the international stage and also determine its trade terms. Consequently, some works examined the subnational differences of how communities, states and districts are differently affected by oil trade or power infrastructure which have varied results because of the influence of the informal economy and service delivery to mention a few. Invariably, measurement limitations and inadequate data records from firm export and custom compliances data reduces the ability to carry out a rigorous hypotheses test.

In sum, though literature has largely explained how Nigeria has been dependent since its inception, trade policy structure and energy goals she wish to achieve, the study of U.S.–Nigeria economic relations delved into more intense, micro-level, comparism and causal studies in order to analyse how oil, trade, and power changes are developing and how Nigeria would probably shift from dependency towards a balanced cooperative relation with the United States of America. In light of the above, this study is to examining how oil, trade, and power has been restructuring United States–Nigeria economic relations, with a concentration on how the effect of energy has historically changed bilateral ties and still influence the ways of cooperation and competition.

Theoretical Framework

The uniqueness of oil, trade, and power in restructuring United States–Nigeria economic relations can be examined using different theoretical frameworks in international study. Realism emphasizes power as the primary driver of state relation. The dependence on power and the global political interest cannot be overemphasized. According to the scholar who propounded the theory Hans Morgenthau (1948), states are coherent actors that attempt to find power for them to survive in a world that is characterized by a disordered or chaotic situation. Kenneth Waltz (1979) took a step further by explaining structural realism, stressing that there is a role of international structures in shaping state behavior. Delving into the relationship between U.S.-Nigeria from the realist's angle, it can be deduced that the U.S.–Nigeria relations are directed by trailing some important interest guided by energy security for the United States and also for the economic and political power for Nigeria. Oil thus serves as a very important resource in the bigger structure of power politics.

Looking at the relationship from Nigeria's perspective, Dependency Theory comes to mind. This theory was originated by scholars such as Andre Gunder Frank (1967) and was advanced later by Samir Amin (1976), It explained the institutional discrimination had eaten up the global economic system. It explained further that states that export their resources in the southern part of the world are always dependent on the developed nations, bringing about underdevelopment. This is applicable to U.S.–Nigeria relations, dependency theory can be used to explain how Nigeria's over reliance on crude oil exportation to the United States has been a cankerworm embedded in the Nigerian economic system. On the other hand, the United States benefited by controlling technology, capital, and markets, while Nigeria endures and become epileptic with the global market price fluctuations and an economic system that is not balanced.

Interdependence Theory, propounded by Robert Keohane and Joseph Nye (1977), offers a sophisticated framework for explaining contemporary relations. The theory states that the growing interdependence of the world has created difficult interconnections among states, where cooperation among states is as important as competition among them. Although interdependence is not balance, it produces mutual gains that make withdrawal expensive. Applying this to the U.S.–Nigeria relations, Nigeria has been supplying oil to the U.S. for decades while U.S. on the other hand has been providing technological know how, investment and diplomatic influence in Nigeria. Inspite of the introduction of shale in the U.S. that limited the demand for oil that came from Nigeria, the two countries still maintained their interconnection through governance reforms, security partnership and trade.

For this study, Interdependence Theory will also be used because it explained vividly the evolving dynamics of U.S.–Nigeria economic relations. Realism on the other hand, streamlines its argument on power and dependency theory also stressed exploitation. Interdependence gives structural analyses to discuss the continuous cooperation in spite of the structural movement in global energy markets. Its importance relies on displaying how mutual dependence that is not equal continues to determine bilateral relations, which makes energy an important part of the cooperation, negotiation and little competition between United State of America and Nigeria.

History of U.S.–Nigeria Economic Relations

At the beginning, the United States–Nigeria economic relations was deeply intertwined with the development of Nigeria's postcolonial economy and the global movement in energy politics. Since Nigeria got independence in 1960, her involvement with the United States has been concentrated on oil, trade, and investment. The discovery and later exploration of crude oil in the Niger Delta brought another economic ties for bilateral relations, making Nigeria an important energy supplier to the United States in the late twentieth century. American oil corporations like Chevron, Mobil, and Texaco had important roles in the exploration and production of Nigerian oil, putting U.S. economic interests in Nigeria's oil sector their priority (U.S. Trade Representative, 2024). Oil was made the backbone of Nigeria's exports, and by the beginning of 1970s, crude oil exportation to the United States summed up to an important part of Nigeria's foreign exchange interest.

In the 1970s, Nigeria's movement for economic sovereignty complicated the Nigeria and U.S. relation because she enacted the Nigerian Enterprises Promotion Decree (NEPD) of 1972, which was amended in 1977. The decree, which was also called the indigenization decree, wanted to increase Nigerian involvement in foreign corporations by ensuring the transfer of shares to indigenous investors. This policy affected U.S. companies operating in Nigeria and were seen in the U.S. as a protectionist barrier that reduced foreign participation in vital sectors (Library of Congress, 1991). However, the American oil industries were still thriving in Nigeria.

This was supported by the global oil shocks of the 1970s that made Nigerian crude oil a vital option for the U.S., therefore solidifying the energy-driven texture of bilateral economic relations. With the above analyses, one can argue that NEPD was a success in Nigeria.

In 1980s and 1990s there was a movement in U.S.–Nigeria economic relation, which was shaped by Nigeria's debt crisis, reduction in oil revenues, and duress from international financial institutions for structural amendment. America's economic involvement during this period was greatly affected by global neoliberal agenda, stressing freedom of trade, privatization, and deregulation (Heritage Foundation, 1997). Nigeria, under duress from both multilateral moneylenders and Western governments, started the reduction of the scope of its preliminary localization policies and brought up more sectors for foreign investors. While U.S. trade and investment remained significant, political tensions especially under military regimes like that of Sani Abacha limited relations, with penalty, scaling down diplomatic relation and preventing deeper economic cooperation. Despite this, American oil corporations were still steadily present, drawing special attention to the centrality of petroleum in bilateral trade.

The beginning of the millennium started a renewed structure for U.S.–Nigeria economic relation with the enactment of the African Growth and Opportunity Act (AGOA) in 2000. This decree granted qualified sub-Saharan African countries, which included Nigeria, preferential access to U.S. markets with so many products, provided they are qualified using governance and economic reform standards. Nigeria immediately emerged as one of the biggest beneficiaries of AGOA, although the largest exports to the United States were still petroleum and petroleum-related products (Daily Trust, 2023). Between 2001 and 2010, crude oil consistently summed up to more than 90 percent of Nigeria's AGOA exportation, emphasizing a pattern of dependence on hydrocarbons in spite of Nigeria's efforts to diversify trade. Non-oil products such as textiles, agricultural products, and manufactured goods made limited effects in the U.S. market, bringing out Nigeria's weak industrial base and restricted competitiveness in global value chains (Trade.gov, 2025).

The shale revolution in the United States formed a necessary base that altered the relationship from the mid-2000s onward. This shale revolution almost made Nigeria crude oil exportation to the U.S. irrelevant as the U.S. was producing oil and gas locally. In 2014, the importation of the Nigerian crude oil by the U.S. had drastically reduced by about 90 percent, if it was compared to the period when U.S. relied solely on Nigeria crude oil (U.S. Energy Information Administration, 2015). This shift reconfigured the legacy of U.S.–Nigeria trade, reducing Nigeria's leverage in bilateral economic relations and making the country to divert its oil exports to Asian and European markets. The reduction of oil as the significant factor in trade relation with the U.S. also showed the fragility of Nigeria's overreliance on hydrocarbons and the requirement to restructure the economic basis of bilateral relation.

In the last 10 years, the pattern of U.S.–Nigeria trade has been described as distinctive with both continuity and change. Oil and gas has been constantly significant, though U.S. exports to Nigeria have increased to machinery production, vehicles for transportation, plastics, agricultural produce and processed petroleum products. For example, in 2024, U.S. exportation to Nigeria summed up to about USD 4.2 billion, while imports from Nigeria also accumulated to USD 5.7 billion, giving a USD 1.5 billion trade deficit, which favoured Nigeria. (U.S. Trade Representative, 2024). Nigeria's exports has been dominated by crude oil and petroleum products right from inception despite the fact that, bilateral engagement has continued to expand into fields like power sector rehabilitation, renewable energy, and technology knowhow (TheCable, 2025). The U.S has also provided governance and transparency initiatives programs. Examples of these programs are like the Power Creation in Africa Initiative and corruption eradication support, which created a link between economic relations and bigger developmental initiatives.

In spite of all these developmental initiatives, challenges persist. Nigeria has not been able to fully utilize AGOA due to institutional bottlenecks, inadequate infrastructure, and limited competitiveness of its non-oil exports (The Guardian, 2022). Concerns also came up regarding U.S. trade policy movement, issues such as tariff adjustments that reduced Nigeria's preferential access under AGOA (TheHeute, 2025). Inaddition, political bottlenecks, insecurity on Nigerian land especially in the oil-producing Niger Delta, and regulatory uncertainty has limited long-term U.S. investment to extend beyond hydrocarbons. Nevertheless, the overall problem of U.S.–Nigeria economic relations shows resilience, as the two countries remain strategically significant to each other, reason being that, Nigeria is Africa's largest economy, an important regional player and the U.S. a global power with enduring interest in African trade, investment, and security in energy.

Conclusively, the history of U.S.–Nigeria economic relations highlights the interplay among oil, trade, and power across different administration. From the beginning of post-independence, there has been dependence on American oil firms. To the nationalist, indigenization framework of the 1970s, the privatization reforms of the 1980s and 1990s, then to the AGOA era and the evolutional impact of U.S. shale production, energy has continued to be at the heart of bilateral engagement. While the reduction of U.S. demand for Nigerian oil has declined the significant of petroleum, the relationship continues to change towards larger economic cooperation. The maintenance of oil dominance, however, stresses Nigeria's vulnerability, making diversification and stronger structural frameworks important for the future. The United States of America, for its part, continues to view Nigeria as both an economic partner and a geopolitical partner, though the balance of trade and investment are still conditioned by structural imbalances and global energy changes.

The role of oil, trade, and power in shaping United States–Nigeria economic relations

The function of oil, trade, and power in reforming United States–Nigeria diplomatic economic relations have a strong sense of permanence in the history of the two countries' relation with each other and it persists to influence this interaction in recent years. Energy, such as oil, has since inception been a solid rock in the relationship between the two countries. This was a constant trading product but has the parallel rectilinear figures in which power dominates the involvement and competition. This involvement and competition have been structured by economic dependency. After the independence of Nigeria in 1960, oil swiftly became an important sector that was engaged by the U.S., removing some other products as the bedrock of the bilateral economic relations. Since America is the world's biggest economy and her energy consumption is relatively high, Nigeria was highly needed to supply a good quality of crude oil, which was specially made for the U.S. refineries (U.S. Energy Information Administration [EIA], 2015). From Nigeria's perspective, her engagement with the American government gave room for putting money into financial schemes, a place for buying and selling and also a means of getting foreign exchange. That is needed for her advancement policies. Though behind this agreement was an unbalanced relation caused by world powers that supports United States of America in influencing the economic decisions made by Nigeria with the control of oil, trade and the direction of investment (Heritage Foundation, 1997).

By 1970s that served as the most crucial years of the relations, oil was unveiled as the bedrock of the bilateral economic relation between the U.S. and Nigeria. This was enhanced by the oil shock of 1973 because the Arabian oil producers could not produce oil as much as they do since there were geopolitical problems in their territory. The United States of America had to depend more on African producers especially Nigeria to create a means of energy security and also to prevent the problem in the Middle East from affecting their energy security. This made multinational corporations from America like Chevron, Mobil and Texaco help Nigeria to boost its production of crude oil as Nigeria became important to the U.S. for energy security (Library of Congress, 1991). The summation of Nigeria's foreign exchange income was dependent on the crude oil exportation to the U.S., building a long lasting dependency on not just a commodity but a single market also. The gains of this business transactions was that while Nigeria was busy with the exportation of crude oil to the States, it depended on American finished goods, technology and petroleum products importation to strengthen domestic economy (U.S. Trade Representative [USTR], 2024). This imbalance framework preached the dependency templates, which were used by dependency theorists. In this situation, Nigeria maintained her role as the producer of raw resources while America on the other hand continued to support with technological know-how and industrial investment.

In the 1980s and 1990s, the relationship among oil, trade, and power had become more visible since there was economic crisis globally and also the continuous forceful take over of power by the military domestically. Nigeria's dependence on the revenue gotten from oil made her economy weak since there was always deregulation of the prices of oil. This at most times reduces the rate at which Nigeria could develop. The reduction in the prices of oil at the beginning of the 1980s created an undesirable economic problem which led to the creation of structural adjustment program which was dictated by the world bank with the influence of America and other powerful countries in the world (Heritage Foundation, 1997).

This policy accented to the reduction in the international capital investment and encouraged private ownership of businesses, which also ensured that a lot of deregulations were carried out. All this efforts ensured that the Nigerian economy aligned with the capitalist system in the world which inturn limited the productive rate of the Nigerian economy. The United States, using its political and financial power, acted an important role in organizing the frameworks of Nigeria's economic policy, highlighting how economic relations which has oils has its major backbone can be linked to political influence. Though the relationship between Nigeria and the U.S. was affected by the General Sani Abacha's military era in the 1990s due to its dictatorship, energy security maintained its program. The oil companies in Nigeria refused to stop its business in Nigeria's Niger Delta, This emphasizes the importance of crude oil in ensuring economic relations despite diplomatic problem (EIA, 2015).

The establishment of the African Growth and Opportunity Act (AGOA) in the millennium introduced some new opportunities for African countries to enlarge their exports to the United States with the prioritized trade agreement. Nigeria promptly turned to one of the biggest countries that derived more advantage; unfortunately the products that were exported under AGOA divulged the continuous dependence on oil. Crude oil and petroleum products summed up to above 90 percent of Nigeria's exportation to the United States, bringing into limelight the inadequate variety in her economic relations though the policy's stand buttressed the ability to export non-oil products (Daily Trust, 2023). In reality, AGOA underpinned over dependence on oil products by Nigeria in having economic relation with the United States. This problem reduced Nigeria's ability to utilize the advantage of the accessibility privilege and buttressed the power imbalances. To the U.S., Nigeria's oil served as a source of energy security, where as to Nigeria, AGOA retained the institutional framework that encouraged dependence, which limited other sectors of the Nigerian economy from having access to the U.S. market (USTR, 2024).

The oil revolution that occurred in America later changed the framework of Nigeria and U.S. relation. As it has been mentioned earlier, the development of shale revolution in the United States during the late 2000s modified the institutional framework of U.S.–Nigeria energy relations. With the development of hydraulic fracturing and horizontal drilling, the U.S. suddenly advanced its oil and gas production domestically, reducing its dependence on importation of Nigerian crude oil which was once upon a time most important to the U.S refineries. By 2014, U.S. imports of Nigerian oil reduced drastically by more than 90 percent compared to their peak period (EIA, 2015). This movement buttressed the weakness of Nigeria's economy due to external shocks and highlighted the problem of overdependence on a single product and market. While the U.S. limited its dependence on Nigeria, Nigeria had to seek for other markets for its oil product. Asian and European markets, especially India, later became one of the largest markets of Nigerian crude oil. The shale revolution therefore changed the direction of Nigeria's oil trade and limited the function of oil as the determinant of the relationship between U.S. and Nigeria, though it refused to remove energy as a significant factor in the economic relation between the two countries.

In recent years, energy has been changing methods of relationship that existed between the United States and Nigeria in new dimension. With the reduction of crude oil exports to the U.S., American relation with Nigeria has been moving towards institutional reforms, renewable energy projects, and power sector rehabilitation. The power initiatives established in Africa highlighted U.S.'s significant interest in it with larger interest in energy reform and regional economic stability. Though the U.S. seek to use these reforms to increase electricity availability in Nigeria and also enlarge American companies improving power infrastructure (TheCable, 2025). Against this backdrop, U.S. has continued to finance technical assistance that has to do with energy and also made sure Nigeria adopts a structural framework that is suitable for foreign investors to enable their companies to strive in Nigeria. This explains the nature of power politics in U.S.-Nigeria relation where energy cooperation serves as bedrock for benefit for both of them and unbalance influence.

The political economy relation of oil, trade, and power between U.S.–Nigeria buttresses a bigger involvement with the ability of a state to rule in her territory without any external control, dependency theory, and global power framework. From the angle of dependency, Nigeria's dependence on oil exportation to the United States imbibed an unequal structure of exchange, where wealth resources resulted into reliability instead of sovereignty. Regardless of several years of oil exports, Nigeria still has the problem of advancing her technological know-how and utilizing all her resources to make her economy more vibrant, leaving it dependent on the global markets that are not predictable and the of blue prints of the world power (Heritage Foundation, 1997). Interdependence theory, on the contrary, represents an equal dependence that was an attribute of U.S.–Nigeria relations when the oil trade was at its peak, though the shale revolution brought to limelight the unbalanced equation of this interdependence. To the United States, expansion and technological know-how limited her over reliance, but for Nigeria, reliance on just one product led to her subjection to economical problems outside its boarders. These differences buttressed how energy not only determines trade but also ensured that the sharing of power and influence that occur between these states also depends on it (Library of Congress, 1991).

For decades, oil has brought both good and bad to the U.S.–Nigeria economic relations. It gave the relationship bedrock for uninterrupted trade, external body investment, and accumulation of income, but it also involved dependency and unbalanced relation. Though the importance of oil in the trade that involved the two countries has reduced due to the change in the U.S. energy sector, energy remains the determinant of direction of the relationship and rivalry. Recently, renewable energy, environmental emergency response and abundance electricity supply are becoming the upcoming ground breaking territories of involvement but they remain combined with the same course of power and authority that has since inception influenced U.S.–Nigeria economic relations. What was swapped was not the importance of energy but the methods it uses and the places in which it works. Oil may not be U.S.'s largest imports in recent years, but energy as a district maintained its importance as a lens through which bilateral relations are negotiated (TheCable, 2025).

In final analyses, oil, trade, and power have for decades created a framework for U.S.–Nigeria economic relations in intense and persistence ways. The oil shocks of 1970s, the structural adjustments program of the 1980s, the priority trade structure of the 2000s, and the shale movement in U.S. in the 2010s, in all of this, energy has maintained its position as the determinant of the cooperation and competition that occurs between the two states. This development reveals larger changes in the world energy markets and emphasizes the difficulty in dependent economies like Nigeria. While the reduction in Nigerian oil exports to the U.S. has changed the product's basis of involvement, energy picked up the thread to become an important advantageous sector by which trade, investment, and power are moderated For Nigeria. The struggle continued to be the ability to eradicate dependency by making their economy vibrant and equalizing its energy resources for economic advancement. To the United States, relating with Nigeria will always be directed by specific needs such as energy security, stability in the region, and market accessibility. Therefore, the relationship between U.S and Nigeria economic relations is that of oil, trade, and power, where energy has not only determined past involvement but also remains the bedrock of the future of bilateral relations.

Conclusion

Right from inception, the United States–Nigeria economic relations buttresses how oil, trade, and power have constantly determine the type of relationship between the two countries. Nigeria's involvement as a significant oil producer made her an important ally of the United States, especially at the time when American energy security highly depended on crude oil importation. Oil developed a structure of interdependence that made Nigeria to depend on its resources as a weapon of influence; on the other hand, the United States used her vibrant economic and technological power to remain the cornerstone of Nigeria's oil and trade sectors. Both mutual understanding and problems have characterized this relation. Also, oil trade has increased Nigeria's economic relation and enabled Nigeria acquire capital and markets. On the contrary, it unveiled the rooted unbalanced relation, with the United States often determining the conditions of involvement with her dominance in world markets and its ways of controlling international energy sector. The sudden reduction in U.S. oil imports from Nigeria when shale was established buttressed the weakness of this relationship, making Nigeria to move towards new markets while still relying on U.S. support in other sectors such as governance, establishing multinational corporations and security. In recent times, energy has been both the bedrock and a means of change in bilateral ties. The United States now buttresses economic diversification, renewable energy, and reliable government, while Nigeria tries to unify the goals of oil with larger development goals. Oil and trade however maintained being the cornerstone in institutionalizing the relationship, but the evolving balance of power and the world energy transition will regulate how both nations relate or compete with each other in coming years.

Recommendations

The United States of America and Nigeria must continue to enlarge their trade zones beyond oil by including agricultural produce, renewable energy and technological advancement. Nigeria should also ensure that her energy governance and transparency mechanism are built with integrity to make U.S. interested in investing in her economy. In addition, a bilateral structure that will enhance better energy transition and also protect oil related trade by the U.S. and Nigeria economic ties should be created. Also, the United States can increase her financial assistance and technical expertise that she is using to support Nigeria for her to revolutionize her energy facilities. On the final note, Nigeria should spend her oil wealth wisely for it to have a mutual trade relation with the U.S. and also attract more international investors into her economy in the nearest future.

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