

THE 9TH OIL TRADING LOGISTICS (OTL) AFRICA DOWNSTREAM WEEK 2015
HELD AT LAGOS ORIENTAL HOTEL, NIGERIA ON 27 - 29 OCTOBER, 2015.

COMMUNIQUE

INTRODUCTION:

The annual Oil Trading Logistics (OTL) Africa Downstream Week is the Continent's leading business forum for unique insights on markets and emerging opportunities in addition to knowledge development, products showcase and recognition of excellence in the downstream petroleum value-chain. It features a strategic conference, dedicated industry exhibition and the annual OTL Industry Dinner, organised in collaboration with key partners in government and the industry. The event is no doubt the key destination for African Downstream petroleum business.

Oil Trading and Logistics Africa (Downstream) is a Pan – African initiative dedicated to promotion of business, policy and stakeholder relationships. It achieves its goals through strategic government and business liaison, research and advocacy with a focus on effective industry solutions.

At the 9th Oil Trading and Logistics Expo, with the theme: '**Fuelling Economic Growth through Petroleum Policy and Infrastructure: The Downstream Agenda**', the following topical issues were discussed by the industry:

- The Future of Petroleum Products Supply
- Sustainable Petroleum Supply in Africa
- Expanding the Frontiers for Downstream Gas
- West African Tanker Forum: Managing Risks and Securing the Oceans for Efficient Shipping of Petroleum Products.
- Lubricants and Base Oils: Powering Growth by Oiling Engines
- Fuels, Storage Terminals and Sustainable Energy Supply
- Seas to the Hinterlands: Seamless Logistics for Petroleum Distribution
- Policy and Regulation for Downstream Petroleum Markets
- The Future of Downstream Energy

As a contribution to policy definition and implementation in Nigeria as the host country, the following resolutions were agreed by the industry:

1. Petroleum products subsidy is a disincentive to supply chain infrastructure investment, market innovation and consumer value. In view of current realities of low crude oil price and devalued naira, the country can no longer afford the burden of subsidies. The government is strongly advised to remove all petroleum products subsidies as a matter of immediate urgency and fully deregulate the downstream petroleum industry.

2. Deregulation of the industry will attract appropriate investments, promote optimal efficiency, healthy competition, ensure efficient supply of petroleum products to the country and improve the infrastructures in the downstream sector.
3. Local refining of petroleum products should be prioritized by the country and a deliberate shift initiated from importing products to building refineries. There is a need for a National Refining Policy which defines the framework for encouraging investment in petroleum refining in Nigeria to facilitate increased national revenue and infrastructure development.
4. In view of the significant number of jobs accounted for by the downstream sector of oil and gas, the private sector should be encouraged to drive the growth of the industry through institution of appropriate policies.
5. The legal framework on which the downstream petroleum sector is anchored, including the Petroleum Industry Bill needs to be clarified and enacted with a view to ensuring legal certainty and promoting efficiency and competitiveness.
6. The Central Bank of Nigeria (CBN) should make it easier in the interim, for importers of petroleum products to have access to Foreign Exchange while a transparent system for setting and publishing gasoline prices should be put in place.
7. Crude for product swaps is a short-term solution for ensuring availability of petroleum products in Nigeria if managed transparently. Nigeria should move towards a collateralized crude for product swap which is more transparent and avoid off-shore processing agreement that is grossly abused world-wide.
8. That downstream expansion of our natural gas utilization, with regulated gas price for domestic sales, governance limitation and institutional deficiency constitute both a challenge and opportunity for gas supply.
9. To stimulate investment in LPG, multiple taxes and high tariffs should be reduced while development of infrastructure and distribution channels such as, local Cylinder manufacturing, Storage facilities, Filling plants, Bob-tail trucks, gas pipeline for residential consumption, automobiles and petrochemical plants should be encouraged to enable the growth of LPG.
Subsidy on kerosene should also be removed to encourage the growth of LPG consumption in Nigeria.
10. Oil companies are encouraged to undertake good corporate social responsibility to preserve the communities where they operate and to create a form of investment through job creation; thereby reducing threats of piracy and sea robbery.
11. To encourage the development of the lubricants and base oils market in Nigeria; regulators, operators and consumers need to work together to stop the importation of substandard lubricants as well as the activities of illegal blenders while research and development should be ongoing for production of base oil in Nigeria.

12. We need to have a strong advocacy group to work with the regulatory body, to drive home the point that a good standard of quality of lubricants must be maintained.
13. There is need to commercialise the pipelines by concessioning or outright sale, for an efficient distribution of the products.
14. It is prudent to invest in an oil spill surveillance technology to monitor oil spillage through pipeline vandalism.
15. There is need for Government to ensure our roads are fixed and reactivate the rail system either by itself or through Public-Private Partnership (PPP), to enable the trucks move the products safely and promptly to the storage facilities while the rail assists the road networks.
16. Truck drivers should be enjoined to undertake trainings to improve their driving skills, for their safety and safety of the community.
17. That the introduction of the BRV (Road Tanker) tracking and the Petroleum Products Marking Systems, is advisable to reduce or eradicate malpractices which are counter-productive and mars the growth of the downstream sector.
18. There is need for a robust Regulatory body with a clear and defined policy on its roles, to sustain a healthy competition to grow the downstream sector.
19. That implementation of all our relevant policies and strategies is vital to fuelling economic growth via the downstream sector.
20. Biofuels industry should be encouraged, as long as it does not impact on the food chain.

This Communique is issued as a definitive position of Nigeria's downstream petroleum industry and its contribution towards long-term sustainability and development of downstream petroleum markets and operations.

DATED THIS 29TH DAY OF OCTOBER, 2015.

Signed:

MR. REGINALD STANLEY
*Chairman Advisory Board,
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MR. EMEKA AKABOGU, Esq.
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