



OTL | 2016
AFRICA DOWNSTREAM | EXPO
Africa Downstream Week

COMMUNIQUE ON

OTL AFRICA DOWNSTREAM, 2016 EXPO:

THE 10TH OIL TRADING & LOGISTICS EXPO,

23-26 OCTOBER, 2016

AT LAGOS ORIENTAL HOTEL, NIGERIA.

INTRODUCTION:

The annual OTL Africa Downstream Week is the Continent's leading business forum for unique insight on markets and emerging opportunities in addition to knowledge development, product 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.

Organized in collaboration with key partners in government and the industry, the event is rightly described as 'Africa's Downstream Destination'.

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

PREAMBLE:

The Conference which was specifically designed as a platform for renewal and exchange of ideas, products and services by key operators in upstream and downstream oil and gas operation, oil traders, and logistics support service providers, particularly, operators of all types of vessels engaged in offshore and swamp exploration and production, oil terminal support/supplies and downstream distribution, tank-farm owners/managers and all other factors in the petroleum products supply chain, duly serves its purpose since 2007.

With such an exciting start, the conference which also includes exhibitions, has been tagged and applauded as being the first of its kind. As the organizers continue to raise the bar of OTL across all indicators, the essence of the conference remains ensuring that operators in the high value economic sectors of petroleum and marine logistics leverage on their

respective strengths and networks to create wealth and increase operational efficiency.

WHEREAS :

The theme for this year's conference is Optimizing the Downstream Value-Chain

Notable speakers presented papers on various topics such as:

1. Optimizing the Downstream Value-Chain,
2. Crude and Products: Pricing impacts on African Oil Flows and Trading Markets,
3. Commercial Prospects for Modular and Full Scale Refineries
4. Competitiveness and Standards in Ship and Shore Logistics,
5. Options for an Efficient Petroleum Products Market. Is Downstream Investment a Black hole? Are Banks killing downstream investments? Solving the Jet Fuel Question.
6. Country Perspectives on Market Regulation for Downstream Petroleum Markets; Ghana and Nigeria in Focus.
7. Downstream 2030: Mapping the Future of Petroleum Products supply.
8. Petroleum Retail ROI with consumer as King- Forecourt Optimization, Brand Value, Products' Standard.
9. Optimizing the Downstream Value-Chain- Lubricants, LPG, Renewables, Petrochemicals.

WHEREAS IT IS RESOLVED AS FOLLOWS:

- 1 That a full liberalization and deregulation of the downstream oil sector, with a removal of hindrances and political bottle necks, is required for the improvement of private investment and market competitiveness; whilst putting in place a mitigating policy that will best serve the public and cushion the effect of full deregulation.
- 2 It is imperative to establish and empower a strong independent regulator to oversee activities in the subsector, ensure implementation of open and transparent rules for the downstream value chain.
- 3 That security measures such as the Oil and Gas protection squad, are of optimal importance to minimize or eliminate oil theft along with international standards and deployment of technology.
- 4 Government and private investors are encouraged to explore and undertake shared infrastructure to ease movement of products particularly trans-regional pipelines and rail connections .
- 5 That Government should expedite the passage of the Petroleum Industry Bill which should cover full deregulation of the downstream sector.
- 6 That there is need for constant inspection, vetting and surveys of ships in order to ensure compliance with international standards.
- 7 The Cabotage Act as well as the Local Content Laws need to be optimized in implementation by NIMASA and other regulatory bodies in the downstream sector to ensure more participation of Nigerians.
- 8 That payment of charges in foreign currencies by indigenous operators to agencies like NIMASA, NPA, DPR and others should be made in Naira to maximize the value to ship owners and improve competitiveness at the ports.
- 9 That Financial institutions be encouraged to develop special lending arrangements that will allow players in the downstream sector access funds at single digit interest rate to facilitate and sustain growth.

- 10 To streamline policy interventions, **inter-agency collaboration** between key branches of Government is strongly encouraged and Government should identify supervisory mechanisms to harmonize policy engagements.
- 11 To encourage increased local and foreign investment in downstream, government must prioritize entrenchment of a stable and predictable foreign exchange policy. Industry calls on the Central Bank of Nigeria, Federal Ministry of Finance and Ministry of Petroleum Resources to jointly address this as a matter of urgency.
- 12 That there is need to urgently review the administration of the current Forex intervention in the downstream sector which is ineffective in view of the timing gap between the offer of Forex and the opening of Letters of Credit.
- 13 That there is need for government intervention by way of policy on LPG to facilitate its growth and make it easily available and accessible.
- 14 That Government should adopt a policy of low Sulphur Fuel specifications Afri-4&5 to protect the health of our people and the environment.
- 15 That there is need for Government to reduce the duty payable on the acquisition of vessels by indigenous operators to make them competitive with their foreign counter-parts.