



The 11th
OTL AFRICA DOWNSTREAM WEEK

COMMUNIQUE

Introduction

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.

Its flagship platform, the annual OTL Africa Downstream Week is the continent's leading business forum for market insights, emerging opportunities, products' showcase and recognition of excellence in the African downstream petroleum value-chain. It features the participation of operators in the entire downstream oil and gas value chain including refining, trading, shipping, marketing, storage, retail, infrastructure, professional services, equipment supply and government.

The 11th edition held in Lagos Nigeria from the 22 to 25 October 2017 at the Lagos Oriental Hotel. Industry stakeholders deliberated on the following topics:

SESSIONS TOPICS

- Session 1 Downstream – Renewed Opportunities
- Session 2 Crude Oil Markets and Impact on Petroleum Trading for Africa
- Session 3 Petroleum Products Retail As the New Flavour – Optimising Opportunities
- Session 4 Africa's Refining Re-awakening – Markets, Models and Minefields
- Session 5 Finance For Downstream Trading And Infrastructure Projects

Session 6 Downstream's Disruptive Influences: The Role of LPG, Petrochemicals and Renewables

Session 7 Optimising Ship to Shore Efficiency

Session 8 Shackled or Free – Getting Petroleum Pricing Right

Session 9 Rig to Retail: Africa's Opportunities for Total Oil

After three days of deliberations, the industry collectively agreed as follows:

1. Concerned about the challenges occasioned in the management of existing indigenous refineries, government is called upon to open the refineries to private equity participation under models that guarantee independence and non-interference.
2. The private sector is encouraged to come together to share risks and costs to establish new refineries and petrochemical plants and take advantage of the supply gap that exists in Africa.
3. Given emerging global trends towards cleaner energy, businesses are encouraged to recalibrate their current operations now, to reflect the growing demand and opportunities for renewable sources.
4. Realising the need to encourage investment, access to finance, competition and deepening of the petroleum products markets, governments are strongly urged to create a realistic and practical pricing framework that is bankable and founded on cost recovery.

5. Acknowledging that NNPC's current role as the major importer of gasoline into Nigeria is uneconomical, unsustainable and creates market distortions, industry hereby calls on government to show political will and totally deregulate the downstream petroleum sector.
6. Targeting increased market certainty and positive competition, government is advised to ensure a level playing field for access to foreign exchange by all operators.
7. Desirous of optimising value for money, shared risks and costs in infrastructure projects, governments in West Africa are urged to encourage and promote transnational infrastructure projects.
8. Industry operators are urged to explore regular engagement with regulators towards routine review of the pricing template and updating of template factors that are no longer up to date with reality.
9. Concerned about the size of individual operators in and across the continent, industry operators are called upon to consider mergers, acquisitions and other combination arrangements to take advantage of scale and unique advantages of partnerships.
10. Considering the losses occasioned by exporting STS operations, the Central Bank of Nigeria is called upon to review its letter of credit policy of foreign exchange eligibility which constrains ship-to-ship operations to only take place outside Nigerian waters with consequent export of jobs and scarce foreign exchange.

11. Realising that safety and security of cargoes and ships are critical in petroleum products availability, NIMASA and the Nigerian Navy are called upon to expedite action towards the establishment of a Secure Anchorage Area for vessels awaiting berthing space at the ports.
12. Given the value erosion occasioned by discrepancy in pricing platforms, operators are encouraged to utilise pricing platforms that optimise value to Nigerian-bound products and consider utilising both Platts and Argus as appropriate.
13. Determined to ensure sustainable product availability in an atmosphere that protects life and property, government should strengthen the petroleum supply regulatory regime to enforce and ensure the safety and security of the general public and installations through credible and apolitical measures.
14. Concerned about increasing transport costs, government is encouraged to prioritize through public private partnerships, the development of pipe lines and other cheaper means of transporting products.
15. Bothered by wide cost-value discrepancy, industry calls on the Nigerian Ports Authority and Nigerian Maritime Administration and Safety Agency to urgently consider and transit to collection of their dues and charges for Nigerian flagged vessels in the local currency.
16. Given the loss of jobs and market depression occasioned by outstanding foreign exchange and interest differentials which remain unpaid to major and independent marketers, government

is urged to expedite the process of and complete all outstanding payments.