



JOINT PRESS STATEMENT BY MOMAN & DAPPMAN

We have been approached by the media, professional bodies, civil society organisations and some members of the public seeking our professional and business views on a late insertion in the Senate version of the Petroleum Industry Bill (PIB).

Specifically, the clause restricts the license to import all refined products into the country to a very small number of local refiners. This restriction extends to products that have long been deregulated such as Diesel, Kerosene (HHK and ATK), LPG and Base Oils.

As industry stakeholders and professionals with heavy investments in the downstream sector, we welcome the entry and participation of local refineries. We believe that local refining ultimately benefits Nigerians and our economy. We also commend the Government's plan to repair all existing refineries boosting refining capacity.

Our members wish to strongly advise caution with this provision that allows only refiners to hold import licenses for refined products for the following reasons:

1. It poses a monopoly risk that must be avoided. It is imperative that a level playing field is set for all operators across the value chain. Anti-competition and monopolistic overtures and breaches must be avoided.
2. Any provision that does not guarantee a free and open market will give room to price inefficiencies and eventually kill off small businesses in the downstream sector.
3. This provision will stifle price competition and leave pricing to be solely dictated by a few local refiners. If Nigerians are to pay higher international prices at the pump, we should also benefit when the prices go down internationally – this is not guaranteed unless there is healthy competition.

We position that price must be kept competitive at the pump for the benefit of the average Nigerian whose income is constantly being eroded by inflation.

Allowing imports by major players across the supply chain will protect consumers by ensuring that local pump prices are not higher than regional or international prices.

MOMAN and DAPPMAN remain committed to the sustainability and institutionalization of a viable downstream petroleum industry for the social and economic growth of Nigeria.

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