

Press Release

12th December 2022

Following our commitment to improve the energy correspondent's understanding of how the petroleum downstream sector operates, we are organizing our last press training/workshop for the year. We would use this opportunity to address some issues that have been lingering in the industry for a few weeks now and answer questions from energy correspondents present.

Having subsidized PMS for so long, Nigerian institutions now have a diminished capacity to deal with the current local energy crisis. A disruption in any part of the supply chain causes ripple effects and results in queues at stations.

As a country, we must begin the process of price deregulation to reduce this inefficient subsidy. If the country wishes to implement a subsidy, it must be in areas targeted to help those it should help such as in agriculture and transportation to reduce food price inflation and generate more jobs for Nigerians.

In tandem, we must find a way to liberalize supply. We must bring transparency and competition into supply to ensure steadier, more efficient supply at optimum prices. Imported products must compete with locally refined products to find a meeting point between the need for local refining and competitively low but cost recovered prices for Nigerians for sustainability.

The dialogue with the Nigerian people needs to begin to identify, negotiate and agree these areas and begin implementation to save the downstream industry which has been in degradation freefall due to a lack of investment to maintain, renew and grow assets and facilities such as refineries, pipelines, depots, trucks, and modern filling stations. These lack of investments contribute in no small measure to fuel distribution inefficiencies and high costs. Neither the new refineries nor the refurbished refineries will survive with the refining margins at current pump prices.

The exploration, production, refining of crude oil and the distribution of refined products is an international business with ebbs and flows and has specific models, guidelines, rules, and norms designed to protect and sustain consumers of this type of energy and populations impacted by its supply chain. The Government and the industry in Nigeria must demonstrably apply these accepted health, safety, environmental protection, and quality norms to be seen to care for its local populations. To cut corners would be irresponsible, unaccountable, and unsustainable.

MOMAN continues to work with other key stakeholders to ensure that we ramp up supplies to our retail sites and return to normalcy as soon as possible. We envisage a rise in demand during the yuletide season and are prepared to work round the clock to keep our stations running.

As always, MOMAN a full deregulation of the petroleum downstream sector in phases to cushion the effects of the impact of a sharp rise in PMS prices on the long-suffering, hardworking citizens of Nigeria.

Major Oil Marketers Association of Nigeria.

