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## INDEPENDENT PETROLEUM MARKETERS ASSOCIATION OF NIGERIA

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### PRESENTATION AT THE NIGERIAN PETROLEUM DOWNSTREAM INDUSTRY AND AFRICAN REFINERS AND DISTRIBUTORS ASSOCIATION (ARDA) VIRTUAL WORKSHOP BY IPMAN NATIONAL PRESIDENT ELDER CHINEDU OKORONKWO ON DEREGULATION OF THE NIGERIAN DOWNSTREAM SECTOR :THE DAY AFTER

Date: 23<sup>rd</sup> March, 2023.

#### AREAS OF PRESENTATION

- ✓ Brief introduction of IPMAN.
- ✓ Merits of Deregulation of midstream, downstream of Nigeria petroleum sector
- ✓ Demerits of Deregulation
- ✓ Expected palliatives from the Government
- ✓ Compliance of the operators to the regulators rules & regulations.
- ✓ IPMAN is in support of Deregulation

✓ Conclusion.

## **BRIEF HISTORY OF IPMAN**

Independent Petroleum Marketers Association of Nigeria (IPMAN) is the umbrella body of indigenous petroleum marketer in Nigeria established by a military decree in 1978 but was incorporated on 12<sup>th</sup> December, 1983 with certificate of incorporation number 2686.

IPMAN members station account for over 70% of the retail outlets nationwide.

IPMAN members are undisputed major customers of Dappman Depots.

IPMAN stations are in urban cities, but majorly at the rural communities to serve our people without travelling to the urban areas.

## **MERITS OF DEREGULATION**

Full deregulation of midstream and downstream is in the offing toward full implementation of Petroleum Industry Act that was signed into law on 16<sup>th</sup> August, 2021 by president Muhammadu Buhari (GCFR).

As we are all aware, these are the merit of full deregulation will bring the following benefits to the government, consumers, regulators and operators:

- a) Healthy competition
- b) Quality Products
- c) Smuggling will be nearly eliminated
- e) Fuel subsidy that runs into trillion of naira every year will be history in Nigeria.
- f) Full deregulation will reduce federal government yearly budget deficit.
- g) Full deregulation will provide more money to all the three tiers of government.
- h) Reduce/eliminate corruption along the operational chain.
- i) Offer consumers options and choices
- k) It will reduce cost of operations as competition will come in and operators will reduce their operation cost.
- j) Neighbouring countries can do there direct importation of petrol through appropriate channels instead of being financed by Nigeria through smuggling.
- l) It eliminates distortion of market, uncertainty including artificial shortage of petrol.

## **DEMERITS OF DEREGULATION**

- a. Increase in cost of living/inflation will set in by general and progressive increase in prices of goods and services.
- b. Control of the economy by few people
- c. Joint compromise is possible.

## **EXPECTED PALLIATIVES MEASURES BY THE GOVERNMENTS FROM SUBSIDY GAIN/SAVINGS.**

- a. Aggressive investment on land and rail transportation system.
- b. Long term payment for domestic user of gas cylinder like Indonesia and Bangladesh
- c. Repair/construction of Nigeria bad Roads.
- d. Investment in agriculture to reduce cost of food items

## **COMPLIANCE OF THE OPERATORS TO THE RULES & REGULATIONS OF THE REGULATOR.**

As the midstream and downstream regulatory authority will from time to time dish out guidelines in the area of Health, safety, importation procedures, pricing template guidance, logistics, depot operations

rules, storage, loading of trucks, dispensing to final consumers, the operators must display high level of corporate governance and high level of discipline.

## **OUR SUPPORT FOR FULL DEREGULATION OF MIDSTREAM AND DOWNSTREAM SECTOR**

IPMAN members nationwide are in support of full deregulation of the midstream and downstream sector of Nigeria Petroleum sector in line with the Petroleum Industry Act.

### **CONCLUSION**

- Nigeria is the 9<sup>th</sup> largest reservoir of gas in the world and the 1<sup>st</sup> in Africa with over 206 trillion cubic feet of proven gas reserve and the potential to attain 600 trillion cubic feet of gas reserve.
- Dangote refinery is the 7<sup>th</sup> largest refinery in the world after Onsar refinery, Ulsan in South Korea with 669,000 barrels per day capacity. Dangote refinery will definitely start operation before the end of 2023 from all indications, Dangote refinery will operate using international pricing template for her operations as a business entity that will account to the company shareholders. Before then, importation of petroleum products will continue after full deregulation. The expected take off of production from Port Harcourt refinery of 60,000 barrel per day is insignificant to local consumption. On this note, high level of cooperation, support, speaking with one voice is important among the operators. The operation of the midstream and downstream has changed under the Petroleum Industry Act.

Thanks.

A handwritten signature in black ink, appearing to read 'Chinedu Okoronkwo', written in a cursive style.

**Elder Chinedu Okoronkwo**  
**IPMAN National President.**

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