

# Argus Africa LPG 2018

14 - 15 March | The Vineyard Hotel, Cape Town | South Africa



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## **The Nigerian government has a strong vision for growth in its LPG market over the coming years. What do you see as the key opportunities and challenges in achieving this?**

The key opportunities are the potential for increasing supply, the potential in expansion for capacity; both bulk primary and secondary storage like gas filling plants. There is increasing awareness of LPG use in the cities as a result of people moving from rural areas to urban areas.

The government is focusing on LPG at the highest levels to drive an aggressive expansion in the market. There is a presidential committee chaired by the vice-president, with ministers from relevant ministries as members. The committee is a one-stop clearing house for LPG-related matters across demand, supply, infrastructure and regulatory aspects of growing the sector. Presently, LPG consumption is nearly 500,000 t/yr. This represents over 600pc growth from less than 70,000 t/yr before 2008. The aspiration is to increase LPG consumption by an additional 1mn t/yr in five years and in 10 years to 3mn t/yr.

There are grounds to be optimistic because the government and private sector are working closely together, where the private sector is playing a leading role in the various programmes driving LPG growth. Therefore, based on these commitments from all stakeholders, the overall vision for the LPG sector in Nigeria is achievable.

## **On the regulatory side, what plans does the department have in terms of helping to create and foster an orderly and well-functioning market?**

The department as the regulator of the oil and gas industry in Nigeria has issued up-to-date guidelines, regulations and standards that govern and give clarity to all the design, construction and operational aspects of the LPG sector. Guidelines around safety have been reinforced. Stakeholder engagement has increased — more field offices are constantly engaging market operators and other stakeholders to resolve and address any emerging challenges. The sanctioning regime has been intensified to check non-compliance, while more manpower and time is deployed by the department to achieve a more robust regulatory environment to foster a well-functioning market.



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## There have been some price swings in recent times that have had an impact on the market – is there a role for government in this area?

LPG pricing is mainly affected by two factors in Nigeria – infrastructure bottlenecks and supply dynamics. Clearly, the government has a role to play in removing these bottlenecks. Private businesses also need to run more innovatively and efficiently and leverage the opportunities created by government policy. The public sector is doing more with regards to bringing about more infrastructure – roads, rail lines and inland waterway dredging – while the private sector is doing more to build LPG storage depots and filling plants. In terms of the market itself, expanding the consumption rate through government initiatives to reduce taxation and tariffs that apply to LPG equipment and import duties for LPG as well. Reducing tariffs and taxes will bring down prices, which will increase consumption. Demand-pull economics show that with increasing demand, supply will respond and prices will decrease, which will support LPG demand growth. This has to be a collective responsibility, and the government is determined to continue to push the LPG market in the right direction, as we have seen the considerable growth in the LPG market in the last decade in Nigeria.

Zayyan Tambari is speaking at Argus Africa LPG 2018. You can also hear from the National Petroleum Authority of Ghana and other government and regulatory authorities at Argus West Africa LPG.

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The Vineyard Hotel,  
Cape Town, South Africa



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