



GHANA CHAMBER OF BULK OIL DISTRIBUTORS

1st Floor, Right Wing, C127/21 Saflo Link Abelemkpe, Accra

**SEPTEMBER
EDITION**

NEWSLETTER

OIL FX MARKET

Legacy Bonds Ltd. (LBL) makes presentation to Bank of Ghana on the Oil FX market

Legacy Bonds Ltd, the SPV nominated by the Joint Technical Committee to administer the Oil FX Market platform. has made a presentation to the Bank of Ghana to procure its approval of the platform.

Mr Senyo Hosi, MD of Legacy Bonds Ltd, explained the working protocols of the platform, while Mr Kwabena Boamah of Thomson Reuters demonstrated how the platform would be operated using the EIKON

software.

Subsequent meetings will be held with the Bank of Ghana and the National Petroleum Authority (NPA) to secure regulatory approvals to ensure the effective operationalisation of the platform. The platform when rolled out will increase the supply of FX to the industry. Currently, the supply of FX and credit are paired such that FX is mainly supplied by the LC financing bank or the collection bank (in the case of Open Account trading). As a result, if a given bank is unwilling to participate in

Credit, the FX supply to the industry is reduced. The OFM separates credit from the FX supply to the industry as a stand-alone and enable banks that may not be taking credit or exercise the collection function to supply FX directly.

OFM will facilitate efficient FX pricing and enable BDCs to significantly mitigate FX risk while enhancing visibility in the BDC trade to enable banks to detect default risk in time.



Joint Technical Committee meeting on OIL FX market

CREPT

(Credit Practice in Trade)

Legacy Bonds Ltd. holds Stakeholder Engagements on CREPT

The Joint Technical Committee and the Ghana Association of Bankers have nominated Legacy Bonds Limited to run the operationalisation of the project. Dun & Bradstreet (D&B) and the CBOD organised a training programme for BDCs on Tuesday, 28th August 2018 on CREPT.

The project is expected to be fully operational by the end of this year following a letter of no objection issued by the Bank of Ghana to allow D&B to operate the project. The project is expected to be piloted from September 2018.



CREPT TRAINING PROGRAM HELD AT CBOD

GHIPCON 2018

The Ghana International Petroleum Conference (GhipCon) 2018 was organised by the Ministry of Energy in partnership with the National Petroleum Authority (NPA), the Ghana Chamber of Bulk Oil Distributors (CBOD) and the Association of Oil Marketing Companies (AOMCs). The three-day conference was held at the Kempinski Gold Coast Hotel in Accra on the theme, “Realising the Vision of a

Petroleum Hub”. Present at the event were the Vice-President of the Republic of Ghana, H.E. Dr Mahamudu Bawumia; the then Energy Minister, Hon. Boakye Agyarko; the Deputy Minister for Energy in charge of Petroleum, Dr Mohammed Amin Adam. Other notable dignitaries included Jonathan Norton, Vitol, Engr. Baba Soyode, Dangote Group; Mr Gary Still, Executive Director, CITAC; Dr Ben Asante, Chief

Executive Officer, Ghana Gas Company Ltd. The conference discussed and addressed pertinent issues in the downstream sector, including making Ghana a petroleum hub, tackling issues of export dumping and smuggling among others. The lead sponsors of the conference were Vitol and the Dangote Group

VICE PRESIDENT DELIVERS KEYNOTE ADDRESS

The Vice-President of the Republic of Ghana, H.E. Dr Mahamudu Bawumia, in his keynote address urged local players to reposition themselves and re-examine their business models to take advantage of the expected increase in business and take the necessary steps, including possible mergers and acquisitions.

He noted that the government was committed to making resources available to achieve the Petroleum Hub dream. The dream, he highlighted, would increase the presence of major international oil trading and storage companies.

The then Minister for Energy, Hon. Boakye Agyarko, said the government was very committed to realising the vision of making Ghana a petroleum hub, adding that the move was one of the strategic initiatives of the Akufo-Addo-led government, with the purpose of serving as a new pillar of growth in the Ghanaian economy.

He concluded by expressing the ministry's commitment to implementing recommendations that would be made during discussions at the conference. In addition, the Deputy Minister of Energy in charge of Petroleum, Dr Mohammed Amin Adam, stated that the hub idea would enable government to generate more revenue and create about 780,000 jobs when fully operational. The project is expected to cost a total of \$50 billion.



H.E. Dr. Mahamudu Bawumia, Vice President of the Republic of Ghana and Mr Senyo Hosi, CEO CBOD

GOVERNMENT TO REVIEW DEREGULATION POLICY FOR FUTURE PRICE REDUCTION

The Vice-President, Dr Mahamadu Bawumia, announced plans by the government to undertake a comprehensive review of the Deregulation Policy in the petroleum sector and its implementation, with a prime focus on the petroleum products pricing formula, a move that was likely to lead to a reduction in prices of petroleum products in the future.

The review, he hinted, among others, was to ensure that areas of the formula that had not yet been deregulated, such as the transportation infrastructure of petroleum products in all its forms, could be reviewed and deregulated to enhance competitiveness and market efficiency. "This, I believe, can lead to a reduction in prices of petroleum products," he noted. Hon. Agyarko, for his part, reiterated the government's vision of transforming Ghana into a boisterous petroleum hub on the African continent.

GOVERNMENT URGED TO DEVELOP LEGAL & REGULATORY FRAMEWORK FOR PETROLEUM HUB

It was evident that for the government to realise its vision to develop Ghana as a hub for refined petroleum products for the West African sub-region and the continent, there must be a legislative framework to guide the operations of the hub to ensure long-term stability for investors. Mr Tan Wooli Leong, Senior Director (Oil and Gas), Surbana Jurong Singapore, called for an effective collaboration between the private and the public sectors for a successful implementation of the project.

He said the government must go beyond just maintaining political stability and create the needed environment to attract investors. Dr Adam assured investors that the hub concept would be supported by law and would be seeking cabinet approval to further demonstrate the political will behind the project, adding that all the process requiring approvals and authorisation for people to work in the hub would

be institutionalised. “We will have an institution that would focus on attracting investment, dealing with investors and solving their problems and interfacing investors with regulatory and other institutions in the country with the view to fast-tracking the processes for approvals and authorisations for them to be able to do their business without bureaucracy.”

PROSPECTS OF WEST AFRICA'S GAS INDUSTRY

The Chief Executive Officer (CEO) of Ghana Gas, Dr Ben Asante, in his presentation on the ‘Prospects of West Africa’s gas industry’, pointed out that uncertain regulatory framework, poor physical infrastructure, corruption, lack of appropriate skill and labour force were key investor concerns that served as a barrier to the development of the industry.

In order to develop the sector further in West Africa, he said there was the need for firm contract negotiations for fair returns and continental original infrastructure that links the net exporters of gas to the net importers.

Members of the panel discussion indicated that there was a need for regulatory changes by the NPA to make Tema, and for that matter Ghana, a redistribution hub.

They called for clear strategies to counter what Lome had done, which is a deliberate provision of private security on board vessels, strong structures, more storage facilities and infrastructure, to make Tema offshore competitive.

GOVERNMENT CAUTIONED ON BUILDING MORE REFINERIES

Mr Alex Mould, a former CEO of Ghana National Petroleum Corporation (GNPC), who was a member of the panel, cautioned government against rushing to construct four (4) refineries. He said it was prudent for government to focus on building just one refinery, instead of building four (4) as proposed in the petroleum hub project. According to him, the unpredictability in demands of petroleum products on the export market may not be favourable to Ghana.

Mr Gary Still, Executive Director, CITAC Africa Ltd, in his presentation, said a lot of African markets were too small on their own to justify the opening of their own refineries when they were competing with large, complex, world-class refineries in other parts of the world.

For Africa to succeed, he said, it would need to have similar large-scale plants in Africa and be competitive as the foreign

competing companies. Engr. Babajide Akinremi Soyode, Technical Advisor to the Group CEO of Dangote Industries, made a strong case that the government had no business managing TOR, particularly so when it was clear that it had failed to make the maximum use of the facility over the years.

In addressing the topic whether Ghana should refine or not to refine, panellists made varied submissions delving into the economics of refining, taking a critical look at the refinery margins in West Africa and the projections of such margins in the future based on consumption and growth patterns in various West African countries. On the issue of the performance of Tema Oil Refinery, however, all panellists seemed to agree to the option of the privatisation of TOR to ensure its commercial viability and sustainability.

They said the corruption associated with the facility, as well as its mismanagement, had



**Hon. Boakye Agyarko, Former Minister for Energy and
Mr Tan Wooli Leong, Senior Director (Oil and Gas)
Surbana Jurong Singapore**

accounted for the bottlenecks confronting it.

POSITIONING TEMA AS AN OFFSHORE REDISTRIBUTION HUB

Speaking on the advantages and disadvantages of Tema as a redistribution hub, Mr Kwabena Boakye Boampong of the Ghana Maritime Authority said a petroleum hub would require an efficient shipping route, since it is the only cost-effective way of moving products over a long journey.

Mrs Sheila Abiemo, the Head of Research at the NPA, also added that Tema would be a more suitable option when considering having an offshore or onshore redistribution hub. She said Tema already has existing storage infrastructure and other ancillary port infrastructure. Also, in terms of interconnectivity with neighbouring landlocked countries, Ghana has a good regulatory rapport with regulators in those countries. There only challenge is to try to beat the competition in Lome.



NATIONAL PETROLEUM AUTHORITY TO INCREASE SAFETY MEASURES AT PETROLEUM FACILITIES

The National Petroleum Authority (NPA) has taken measures to curb the high incidents of petroleum-related fires and accidents at retail outlets. The Chief Executive Officer (CEO) of the Authority, Mr. Hassan Tampuli, during the inauguration of the first solar-powered service station by Total Ghana, tasked operators of petroleum facilities to aim for high safety standards at retail outlets to eradicate the occurrence of accidents and curb hazards as much as possible. He further expressed concern about the spate of illegal fuel trade in the country by sounding a stern warning to suspend and revoke licences of operators who were found culpable of law.

TOR SHUTDOWN OVER CRUDE OIL SHORTAGE

The Tema Oil Refinery (TOR) has been shut down due to its inability to procure crude to feed the Crude Distillation Unit (CDU) for processing. At the recently held Ghana International Petroleum Conference (GhipCon 2018), delegates argued that TOR would be economically viable only if it is privatized; however, government's participation and political interest could threaten the viability of the company.



PRESIDENT APPOINTS MS. ADWOA ABREFA OF CIRRUS OIL AS MEMBER OF THE ELECTORAL COMMISSION

Ms Adwoa Asuama Abrefa, the General Manager, Legal and Corporate Affairs at Cirrus Oil, has been appointed as a Member of the Electoral Commission. Ms Abrefa will still continue in her duties at Cirrus Oil in addition to her new role as Electoral Commissioner.

Ms. Adwoa Abrefa, General Manager, Legal and Corporate Affairs, Cirrus Oil

APPOINTMENT OF NEW MINISTER OF ENERGY

The Communication Directorate at the Presidency issued a statement on August 6, 2018 indicating President Akufo-Addo had ordered Mr Boakye Agyarko to hand over to Mr John Peter Amewu who was previously the Lands and Natural Resources Minister.

Profile of Mr John Peter Amewu - Minister of Energy

John-Peter Amewu holds an MBA (Finance) from University of Ghana. He also has a Postgraduate degree (Executive MBA in

International Energy Industry Management), and Masters in Petroleum Law and Policy from University of Dundee (UK).

He has more than 15 years' experience in Government, Private Sector, Civil Society and International Development Organisations.

He has participated and undergone several mining professional training and attained various certificates from some of Australia's prestigious universities (University of Sydney and University of Western Australia).

He is a Cost Engineer by profession with broader knowledge in the Energy and Mining Industry. He is a Co-founder of Africa Center for Energy Policy – ACEP and also worked as the Director of Policy and Research where he provided proactive and comprehensive policy-related advice to support a variety of Government and Private Sector Projects.

He is the Chairman of Board of Directors of major private institutions in Ghana and a professional international consultant in his area of expertise (Mining and Petroleum). His contributions in providing solutions to the problems in the Energy Sector in Ghana have earned him both local and international acclamation and recognition.

Source: Government of Ghana website

<http://www.ghana.gov.gh/index.php/governance/60-ministers/3420-john-peter-amewu-lands-natural-resources>

LPG POLICY IMPLEMENTATION COMMITTEE PAYS WORKING VISIT TO INDIA

The Government of Ghana (GoG) through the Ministry of Energy has introduced a new policy directive for marketing and distribution of LPG in Ghana, using the Cylinder Re-circulation Model. This is to ensure Ghanaians have access to safe, clean and environmentally friendly LPG for increased domestic, commercial and industrial usage.

The Ministry of Energy mandated the National petroleum Authority to set up a committee to ensure the smooth rolling out of this model. The committee as part of its activities paid a working visit to Morocco, Senegal, India and Cote d'Ivoire to widen its scope and gain a better understanding of the processes of the model.

In a visit to India's state-owned oil companies, the committee was taken through the supply chain activities of the Indian LPG market.

An Indian delegation also paid a visit to Ghana to evaluate and proffer recommendations for the implementation of the model.

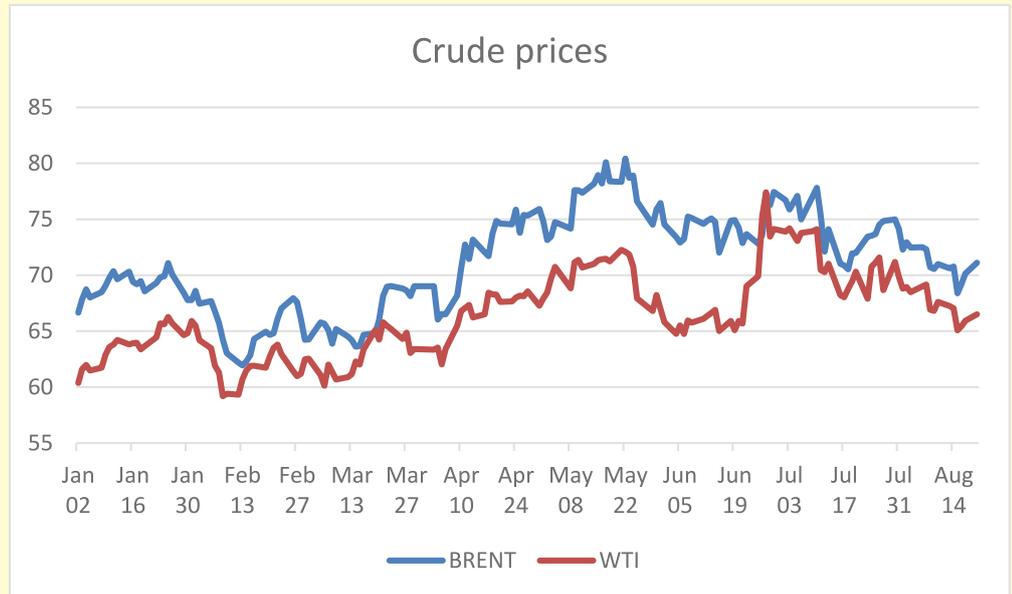


PRICING REVIEW

CRUDE OIL PRICE MOVEMENT

The average Brent and WTI crude oil price started the year at USD69.08/bbl and USD 63.7/bbl in January respectively. Crude oil prices for the month of August averaged at USD 71.07/bbl and USD 67.35/bbl for Brent and WTI respectively, marking a 4% and 5% month-on-month decrease. The average Brent and WTI crude oil price increased by approximately 39% and 35% year-on-year for the month of August respectively. The average Brent and WTI crude oil price respectively increased by 3% and 6% year-to-date in the month of August.

In the July 2018 update of EIA's Short-Term Energy Outlook (STEO), it forecasts that Brent



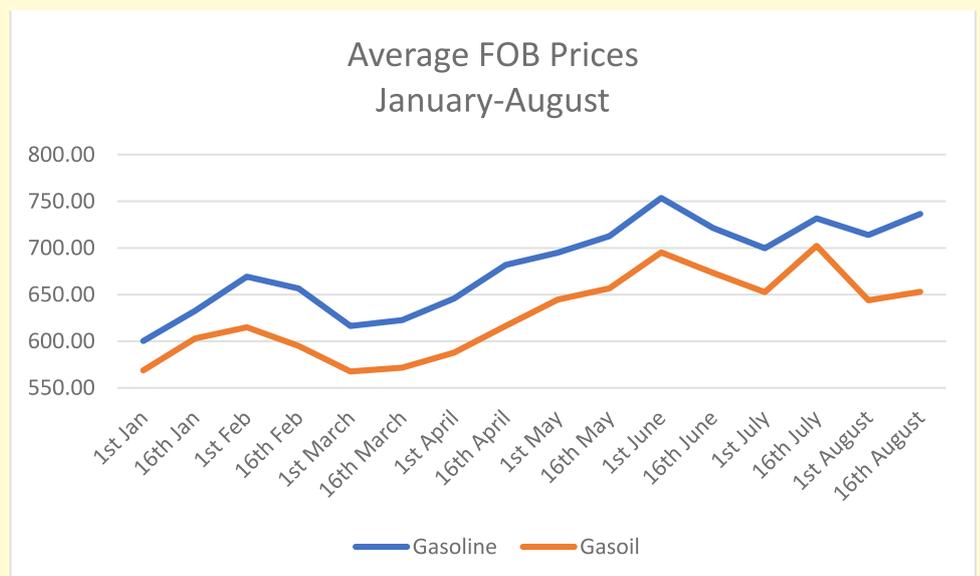
Crude Oil Prices will average \$73/bbl in the second half of 2018 then fall to \$69/bbl in 2019. It expects WTI crude oil prices to average \$7/bbl lower than Brent prices in the second half of 2018

and same in 2019. It also forecasts a growth in global oil demand by 1.4mn b/d in 2018 and by the same amount in 2019.

FOB PRICES

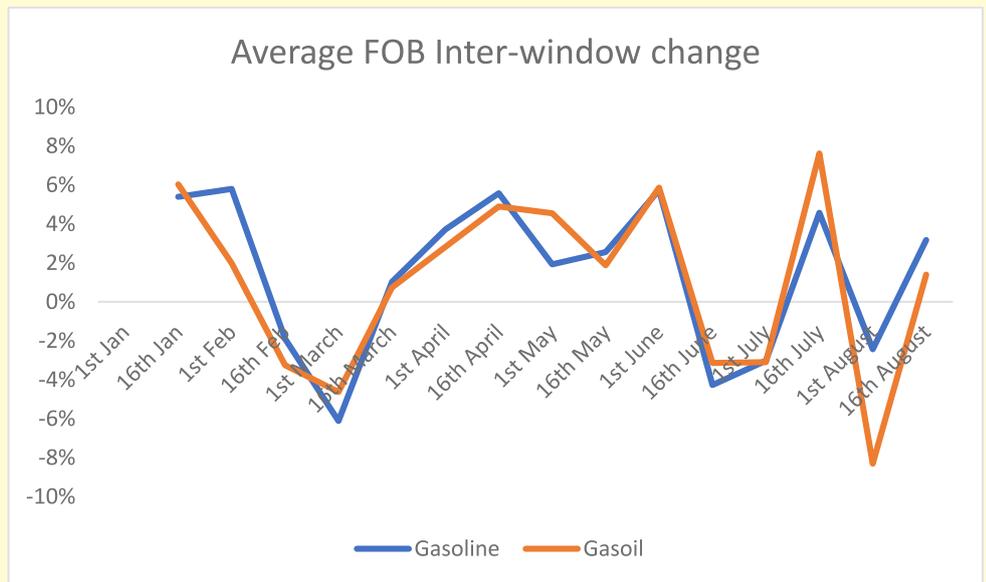
The year-to-date average prices of gasoline and gasoil stood at \$680.56/mt and \$627.89/mt respectively representing a 27% and 37% increase in both gasoline and gasoil prices relative to same period last year.

The International Market Price (IMP) began the first window of 2018 at \$600.11/mt and \$568.72/mt for gasoline and gasoil, respectively. Prices hit the \$700/mt mark in the month of May. This was as a result of geopolitical shifts including



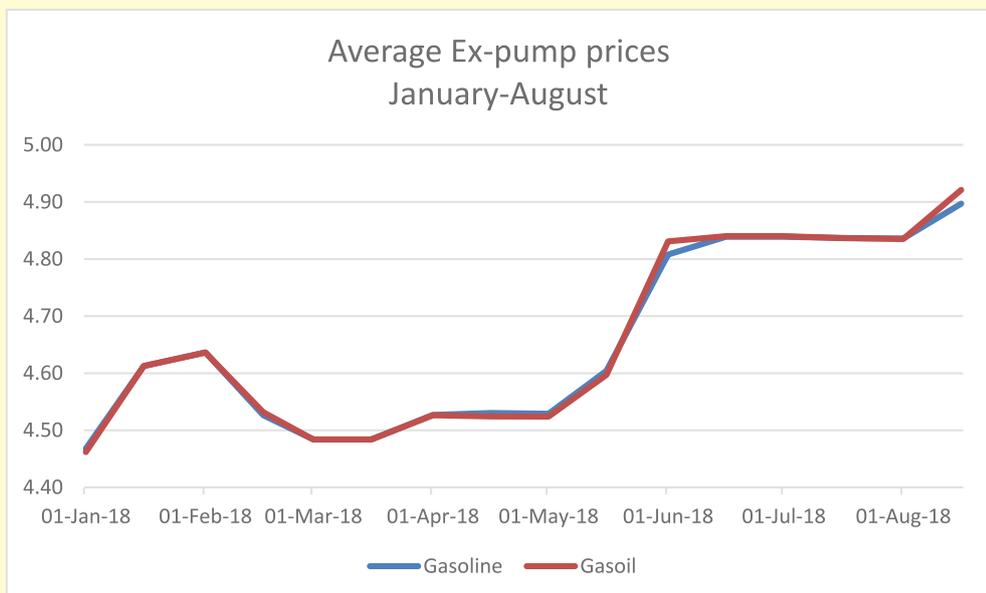
President Donald Trump's announcement of the US withdrawal from the Iran nuclear deal and subsequent sanction of Iran as well as missiles targeted towards Saudi Aramco's energy facilities by Yemen's Houthis.

The year-to-date average inter-window (first and second half of every month) stood at 1% for both gasoline and gasoil.



AVERAGE EX-PUMP PRICE REVIEW

Average ex-pump prices started the year at GHS 4.468/ltr and GHS4.462/ltr in January for gasoline and gasoil respectively and reached a year high in the second window of August at GHS4.897/ltr and GHS4.921/ltr for gasoline and gasoil respectively. A number of factors including changes in FOB prices of gasoline and gasoil as well as changes in exchange rates resulted in fluctuations in ex-pump prices. Ex-pump prices of petroleum products witnessed significant increases in 2018



Average pump prices have increased by 9.6% year-to-date, compared to the 1% drop observed

same period last year.

Average ex-pump prices remained at an average of GH4.85/ltr for four consecutive windows, from

the first window of June to the second window of July, the longest stability in prices

OMC PERFORMANCE

Of the top 10 OMCs used for analysis, Vivo Energy Shell, Goil and Total displayed the highest prices at their pumps. For the period of January to August

2018, the top three highest selling OMCs sold gasoline and gasoil at an average price of GHS 4.66/ltr.

Radiance petroleum displayed the least price at the pump for both

gasoline and gasoil, selling at an average price of GHS 4.61/ltr and GHS 4.62/ltr for gasoline and gasoil respectively.

Average top 10 Pump Prices January -August

OMCs	Gasoline	Gasoil
Radiance	4.61	4.62
Frimps Oil	4.62	4.63
Glory Oil	4.63	4.63
Star Oil	4.63	4.63
Puma Energy	4.64	4.65
Petrosol	4.65	4.65
Allied Oil	4.65	4.65
Goil	4.66	4.66
Total	4.67	4.66
Vivo Energy Shell	4.67	4.67



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