

PETROLEUM IMPORTS AND THE CALL FOR SULPHUR REDUCTION

A PRESENTATION BY SENYO HOSI

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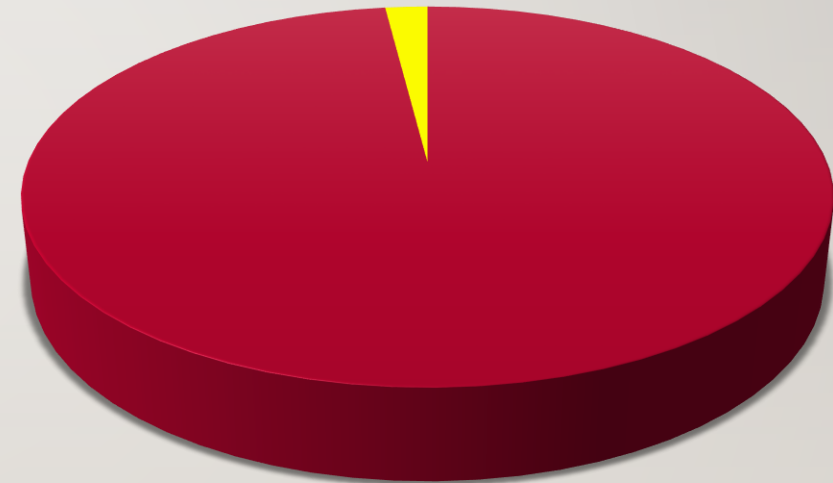
OUTLINE OF PRESENTATION

- Private Sector & Petroleum Imports Analysis
- Trade and Sulphur
- Sulphur Standard Comparison
- Ghana and the Regional Policy
- TOR Constraint
- Way Forward

PRIVATE SECTOR & PETROLEUM IMPORTS

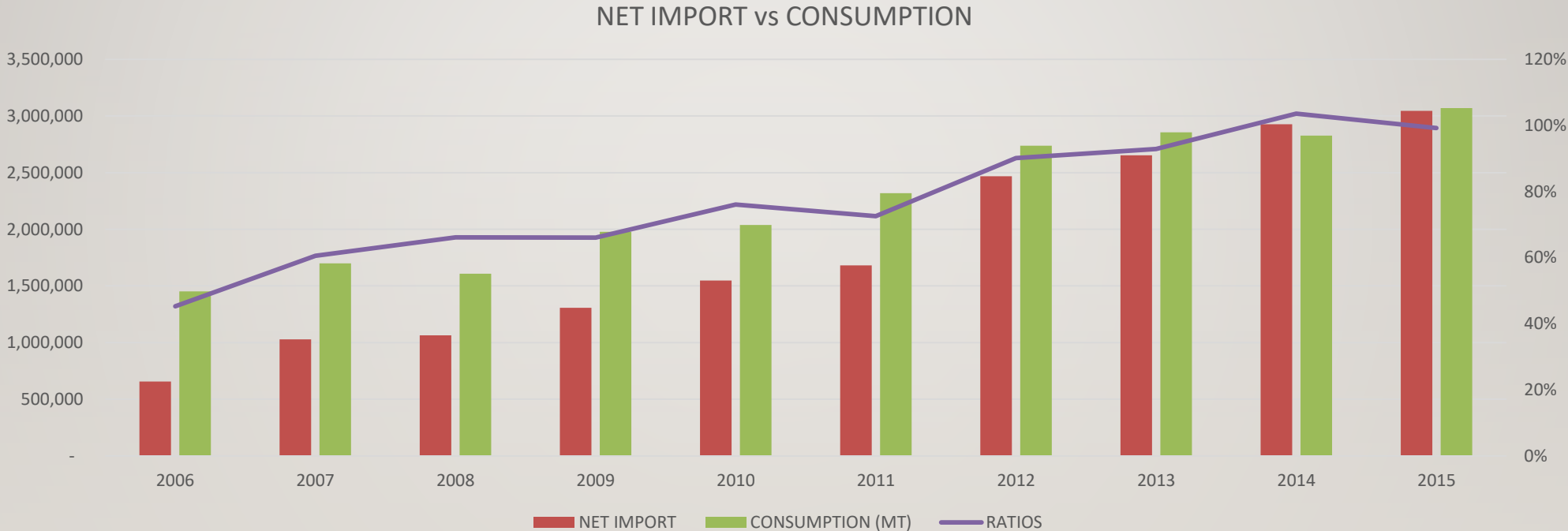
- Private Sector participation in petroleum imports started in 2004.
- Imports were previously championed by Tema Oil Refinery.
- Since the advent of BDCs in 2007, petroleum imports have been mainly driven by the private sector.

Import Vs Refinery 2015



■ Import ■ Refinery

ANALYZING IMPORTS



THE TRADE & SULPHUR

- **AGO**

- Ghana Spec: 3,000ppm
- Import pricing is indexed to a 1000ppm market reference
- 1,500-2,500ppm spec mainly supplied

- **PMS**

- Ghana Spec: 1,000ppm
- Import pricing is indexed to the 10ppm market references
- 1000ppm mainly supplied

- The above provides international traders with arbitrage opportunities.
- We price benchmark the EU and yet quality benchmark.....!

STANDARD COMPARISON

EU

- 1992: 2,000ppm
- 1996: 500ppm
- 2000: AGO-350ppm; PMS- 150ppm
- 2005: 50ppm
- 2009: 10ppm

GHANA

- <2009: 10,000ppm
- 2010: 5,000ppm
- 2014: 3,000ppm
- 2017: ??????????
- 2020: ??????????

GHANA & THE REGIONAL POLICY

1. The ARA/ECOWAS Roadmap

- Afri 2 by 2010- 500ppm for Gasoline and 3,500ppm for AGO
- Afri 4 by 2020- 50ppm
- Harmonize Fuel standards and practices in the sub-region by 2015
- The slow pace of ARA's roadmap is driven by political and investment considerations of the owners of SSA refineries- Governments and not the interest of consumers.
- Ghana has missed Afri2 (PMS) by 6yrs.
- The entire sub-region has failed to meet its target to harmonize standards

2. No sign of real commitment to make the needed investments.

3. Research by ARA indicate that a \$2.98bn investment in West African Refineries to produce Afri4 specs will yield a \$32bn health return over 10yrs.



THE TOR CONSTRAINT

- The TOR Debt was reported at about Ghs400m in 2005 when the TOR debt recovery levy was being introduced.
- Between 2006-2015 Ghs1.55bn (est) valued at UDS780mn using annual average FX rates.
- TOR nonetheless remains even in more debt despite holding a net positive of Ghs4m in subsidies.
- TOR must not remain the policy constraint for Sulphur reduction.
 - 4% contribution to the market.
 - Enormous consumer sacrifice through the TOR Debt Recovery Levy

WAY FORWARD

- Stop mortgaging the health of the citizenry for political expediency.
- Move Standards to responsible health levels of 50ppm & 10ppm
- Grant local refineries limited special dispensation for a gradual achievement of Afri 4 by 2020. Government must put up the investment needed if it is truly committed to TOR.
- Harmonize regional standards to facilitate consumer and national security benefits from shared specs.



ARA 2005

ABIDJAN

ABUJA

ACCRA

- IT IS TIME TO CUT THE TALK AND START ACTING
- IT IS TIME TO PUT THE CONSUMER AHEAD OF THE POLITICS.
- LET'S ACT NOW!

ACT NOW!

THANK YOU

