

NLPGA CONVENTION

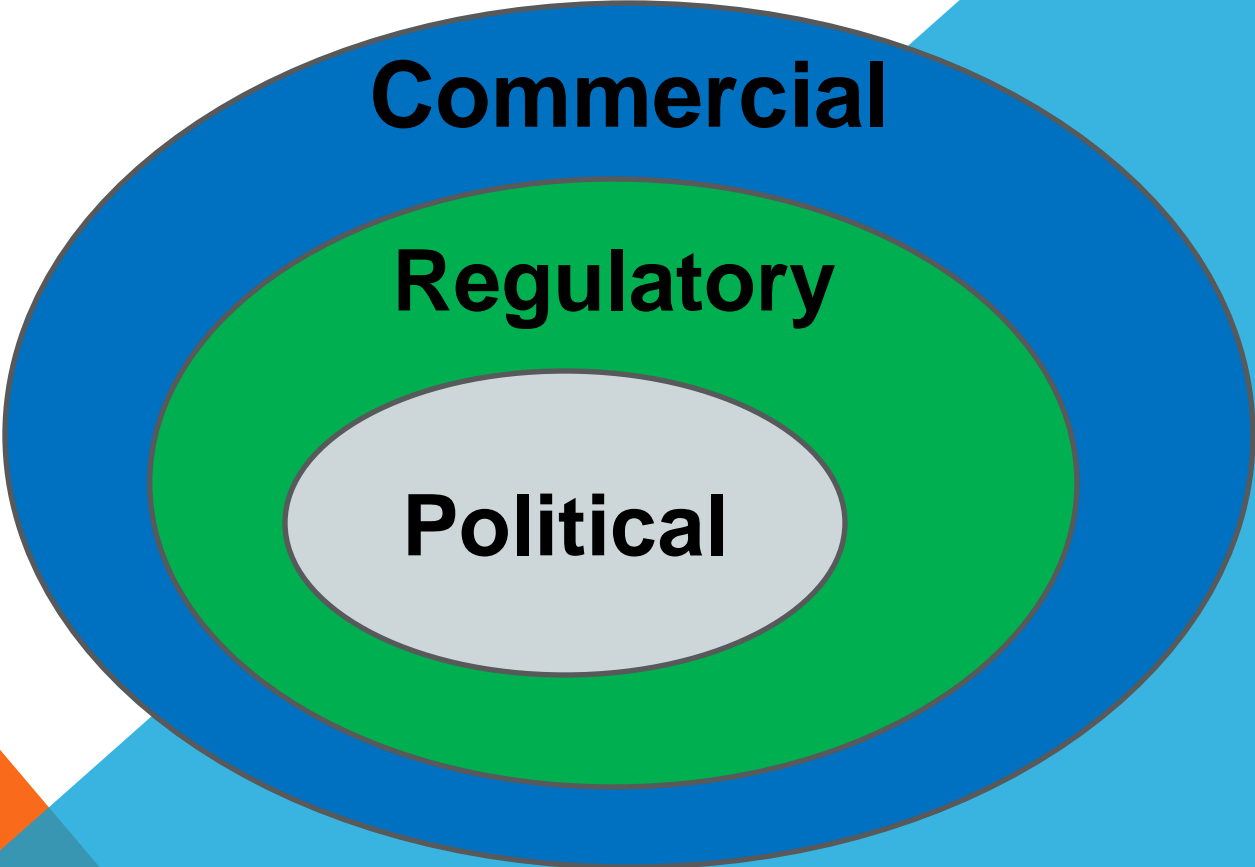
CHALLENGES IN THE LPG INDUSTRY

Oriental Hotel, Lagos

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CHALLENGES IN THE LPG INDUSTRY



OUR NESTED CHALLENGE

POLITICAL CHALLENGES

- Regulation and Subsidies on competing fuels**
 - Political Speak vs Political Action**
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REGULATION AND SUBSIDIES ON COMPETING FUELS

- N630B spent on kerosene subsidy in the past 3 years**
- Enough LPG is produced locally to displace every liter of household kerosene being utilized today**

REGULATORY CHALLENGES

Prohibitive Fee Structures

- Duties
- Importation procedures and fees

Overlapping Jurisdictions

- DPR
- SON
- LASEPA

COMMERCIAL CHALLENGES

- Awareness**
 - Product Pricing Mechanism**
 - Infrastructure**
 - Sustainable Margins**
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COMMERCIAL CHALLENGES

- ❑ **Underlying challenge is the size of the market**
- ❑ **Market is small relative to number of players**
 - ❑ Current Market is 150,000MT annually
 - ❑ 200 registered operators

EXPANDING THE MARKET – A MEANS TO AN END

❑ **Political Gains**

- ❑ Eliminate subsidy burden – Free funds for sustainable projects
- ❑ Lift people from poverty
 - ❑ Healthier living
 - ❑ Job creation
 - ❑ Tax base expansion

❑ **Regulator Gains**

- ❑ Larger market attracts bigger player who cant cut corners
- ❑ Best practices become the norm

❑ **Commercial Gains**

- ❑ Economies of scale will ensue and prices will come down
- ❑ Usage penetration to once unviable locations
- ❑ Specialists emerge, bringing efficiency