

**WELCOME AND INDUSTRY ADDRESS DELIVERED AT GHIPCON 2015 BY THE
CEO OF THE GHANA CHAMBER OF BULK OIL DISTRIBUTORS**

Your Excellency, the Vice President of Ghana, Kwesi Bekoe Amissah-Arthur, the Hon. Minister of Petroleum, the Hon. Minister of Finance, the Hon Deputy Minister of Petroleum, the Chief Executive of the NPA, Our Partner Banks, Representative institutions of industry, Civil society, captains of industry, the media, invited guests, ladies and gentlemen.

GhipCon is an annual mid and downstream petroleum platform for industry education, policy construction, review and modification to drive industry momentum for growth and development. It seeks to deepen the constructive role of the mid and downstream sectors in the growth of the economy and to foster co-operation between stakeholders and policy makers.

Your Excellency, the last two years marked a major turning point in the petroleum industry in Ghana and the world as a whole.

Crude oil prices tumbled in ways least expected by many. From China to the American shale, this was driven by many exogenous factors affecting demand and supply concurrently. As a country, our budget projections were negatively affected and led to a review.

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The long awaited Atuabo Gas Processing Plant commenced operations and opened up a whole new world of midstream petroleum opportunities, which are yet to be fully exploited by the Ghanaian entrepreneur.

Petroleum pricing was liberalised after 19 years of commencing the deregulation journey. This has heightened competition and improved service to the benefit of consumers.

Trading and financing can no more remain the same. The days of regulated pricing, which underwrote a lot of risk is over. This is redefining how trade is financed and opening a new world of financing opportunities and models, which will only further modernise the banking sector.

Policy and global industry has changed, business cannot remain the same. Hence the theme for today's conference, 'The Changing phase of Petroleum, repositioning industry.' It is with much honour that I welcome you all to the maiden Ghana International Petroleum Conference dubbed "GhIPCON 2015".

Your Excellency, this industry commenced with indigenous entrepreneurs playing roles as agents, kerosene resellers and drivers. Today, we can boast of Oil Marketing Companies, Bulk Distribution Companies and storage and transportation companies - who invest in infrastructure which were considered the preserve of multinationals. We have proven that given the

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chance and support, the Ghanaian can lead and drive industries. The indigenous captains of today have successfully co-existed and learnt from the multinationals.

As we speak, the major industries in Ghana, except for the downstream petroleum industry, are mainly dominated by non-indigenous companies. As much as we ought to encourage investments into the country, it must be shaped to ensure that the Ghanaian at some stage will drive and lead these industries. His Excellency the President John Dramani Mahama in the 2014 State of the Nation address said “**When Ghanaians produce goods that other Ghanaians use they are then able to re-invest that revenue back into the very communities that patronized them. The money flows in a current, and it fortifies the nation’s economy. That..... is the best use of a nation’s currency.”**

In his 2014 Independence Day speech, His Excellency further argued that “**If we are to be truly independent, we cannot allow our destiny to be determined by foreign corporations, industries, or individuals who exist beyond our national borders. And that is precisely what we are doing when the majority of what we consume comes from outside”.**

We totally agree with him and are committed to continually prove him right. Industry however gets disillusioned when actions like the TSL-BOST

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transactions occur without the consideration of the indigenous entrepreneur's proven abilities. The government, we believe, ought to be the most reliable supporter of our growth. The mid-stream era is here, and we urge Government to think of the Ghanaian entrepreneur first. Where we can, urge us on, where we are short of capacity, help us build them. A Ghanaian owned and led mid-stream industry will surely be a great legacy for Government. Just as we grew from the lower end of the downstream to dominate it, we can also grow from the downstream to dominate the upstream. Let's continue to think the Ghanaian first. As a result, I urge all concerned to expedite the drafting and passing of the down and midstream local content bill which has been championed by our Minister, Hon. Emmanuel Armah Kofi Buah.

Your Excellency, on behalf of the Board and management of the Chamber, I hereby announce our willingness as a Chamber, dominated by Ghanaian entrepreneurs, to develop a new USD40 million Single Point Mooring facility in Tema in the next two years. This will be the first privately owned facility of its kind in Ghana. We trust we can count on Government's support.

Your Excellency, deregulation has so far proven to be successful in terms of pricing, competition, fiscal benefits and service to consumers. As a matter of fact, prices have stayed lower than would have been under a regulated

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pricing regime. As a country, consumers have saved over Ghs150mn from the price liberalisation policy. Government for the first time in five years is a net revenue earner from the industry.

Great as it may be, operators are struggling to survive as a result of the legacy challenges from the regulated pricing regime. The weight of legacy subsidies yet to be paid has strained BDC ability to access funding to compete and sustain operations effectively. The compounding burden of interest expenses has reached unsustainable levels for our survival.

Your Excellency, the government has been supportive of our business and was bold to take the price liberalisation step that successive governments struggled to make. This singular act is in consonance with the consolidation crusade of the Finance Minister and has saved us from compounding an already unbearable situation. We trust we can count on the government's ongoing initiative with the Ministry of Finance, Petroleum, NPA and the banking sector to resolve this problem.

Your Excellency, a key objective for commencing deregulation in 1996, was to encourage private sector participation and indigenous dominance of a sector considered strategic and security sensitive while serving as a vehicle for economic growth. Another objective was to ensure efficiency in the

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operation of the sector through competition and fair regulation. As private players, we believe in competition with each other and with parastatal companies. We are, therefore, not opposed to the use of parastatal companies to participate in the trade.

We, however, expect competition to be fair to all players. We humbly appeal for fairness and non-discrimination in the administration and implementation of policy actions governing Forex supply, Privileged Margins, Zonalisation and the use of industry infrastructure among others.

Your Excellency, the downstream sector makes very huge investments in this industry and employs tens of thousands. When discriminatory policies and actions become rife, investor confidence dampens.

Your Excellency, the deregulation policy has created a need for Forex risk management tools. We believe that the size of the industry and the complications in its trade presents the nation with a unique opportunity to grow its derivative and secondary financial markets. It is our hope that the Bank of Ghana will take policy actions that will encourage the development of an active derivative market.

Your Excellency, Ghana is well positioned to become a refinery hub. Our location, political stability and potential accessibility to related factor

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endowments give us a competitive advantage. Policy consistency and support to the private sector can surely deliver this dream. We will urge the ministry to commission a team of industry players and economic policy experts to explore how to realise this dream if government believes in it. It is important that industry and policy makers collaborate much better to ensure the viability and functionality of policies being considered at all times for the advancement of the State. We, therefore, hope that platforms like GhIPCON will continue to help bridge the gap that may exist.

To conclude, Your Excellency, we wish to assure you of our commitment to the economic aspirations of government. We remain willing to partner government in the development and implementation of policies to move Ghana forward.

Africa is rising. Africa is said to be the next economic frontier. We ask, a frontier for who? Is it the Ghanaian and the African? We look forward to a day when Ghanaian companies will transcend and excel beyond our borders.

BDCs are for Ghana and we remain for Ghana.

God bless our homeland Ghana.

Thank you.