

# ADDRESS BY H.E. YEMI OSINBAJO, VICE PRESIDENT OF THE FEDERAL REPUBLIC OF NIGERIA, AT THE OPENING OF THE 33RD ORDINARY SESSION OF THE COUNCIL OF MINISTERS OF AFRICAN PETROLEUM PRODUCERS ASSOCIATION(APPA)

## PROTOCOLS

I am pleased and honoured to have been invited to the opening ceremony of the 6th annual Ordinary Session of the Council of Ministers of African Petroleum Producer's Association. (APPA)

This important meeting comes at a time of grave challenges for the oil and gas industry. This is especially so for petroleum producers in Africa where hydrocarbons account for significant proportions of government revenue.

With oil prices falling and actual profits over cost of production also declining sharply the relevance and creativity of your association is being tested.

There is also the gas to power challenge in many member states and the paradox of much gas but precious little gas to fire power plants.

The hydrocarbon industry presents the most obvious way of paying for the development of African countries

fortunate to have those resources, but in many cases it simply has not delivered on that promise.

Which is why industry organisations such as APPA have an enormous burden of responsibility to bear.

I am aware of the many initiatives the association has embarked upon in recent years, including harmonisation of oil and gas legal frameworks in Member countries, developing regional approaches to local content promotion, and capacity building .

But the economic threats to our Nations are existential and real, at a time when we should be investing in the sector, finding the resources to do so is a challenge. Besides, the investment decisions of the IOCs which understandably are based on their own well defined interests have a far too fundamental effect on our fortunes.

The indigenous hydrocarbon industry must take its destiny in its hands. And there are obvious low hanging fruits.

The incremental use of gas in Africa's energy mix has become imperative. If Africa must meet her future energy needs, the issue of the development of a robust gas infrastructure must be jointly addressed.

Currently Nigeria has the 7th largest deposit in the world and the highest quality: rich in liquids and low in sulphur. Reserves are put at over 185 trillion cubic feet (TCF) and undiscovered reserves estimated at 400TCF with a capacity to peak to 600 TCF.

Nigeria has established the Nigeria Gas Company (NGC) to provide gas transportation to newly established power plants and to facilitate domestic energy supply.

At the sub-regional level Nigeria is actively involved in the West African pipeline project that is expected to deliver clean, safe natural gas from Nigeria to many West African countries. We are far from where we expect to be on these initiatives but it is important to highlight the unique opportunities for profitable partnerships in the Natural gas space with Nigeria.

Also it is time also to take a much firmer stand on gas flaring. Both from an environmental and a waste-of-needed-resources perspective. Globally, over 150 billion cubic meters of associated gas is flared annually. Of this figure Africa flares an estimated 40 billion cubic meters about half of that is flared by Nigeria.

Nigeria is a member of the

**World Bank Global Gas Flaring Reduction Partnership(GCFR)** and with the support of our legislature we will sign the **United Nation's Agreement on Zero Routine Flaring by 2030"** although our National target is 2020 .

There is no doubt that it is important for all APPA member countries to set realistic targets for gas flare-out in the region.

Your excellencies, ladies and gentlemen, the coming years will be defining for African oil producing countries.

We must focus on getting more for our hydrocarbon resources by promoting value addition and investment through sustainable policies in local content.

A common approach to local content will ensure that the whole of Africa benefits from economies of scale associated with our vast resources.

Additionally, APPA must recognise that the development of domestic refining capacity in oil and gas is critical to sustainable economic growth. We must explore mechanisms to expand regional refining capacities in an efficient and cost effective manner.

Your Excellencies, The future of the African oil and gas industry is here already. Together we have all the resources we need, and we can develop all necessary capacity, there is no reason why the African oil and gas industry should remain clients attached to the apron strings of oil industries else where. Those of you here today the members of APPA have the great responsibility of delivering the dividends of this great potential. We trust that you will not fail.

Your Excellencies, Heads of delegation, distinguished members of APPA, ladies and gentlemen, it is now my

singular honour and privilege to declare open the **33rd Ordinary Session of the Council of Ministers of African Petroleum Producers Association**, open.

I wish you a most successful meeting.

God bless you all