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COMING FULL STREAM OF DEREGULATION AND PRIVATISATION OF THE NIGERIAN MIDSTREAM AND DOWNSTREAM PETROLEUM SECTORS[1]

1. Introduction

Nigeria is blessed with abundant crude oil, but Nigerians are yet to see economic growth that matches the vast oil revenues generated by the country. Bunkering, vandalism of pipelines, corruption, misappropriation, government-administered pricing and trafficking of imported refined products to neighbouring countries continuously plagued the midstream and downstream petroleum sectors in Nigeria. To arrest these vices, a clarion call was made for the deregulation and privatisation of these sectors to ease the burden on the Nigerian government. The goal was to create efficiency, ensure adequate supply, eliminate scarcity, enable market-based mechanisms to determine prices, and attract more private sector participation. This advocacy was well-received by successive Nigerian governments and calculated steps have been taken, though in disjointed phases, to deregulate and privatise the midstream and downstream petroleum sectors. To fully appreciate the pith and substance of this article, the following key terms will be defined and placed in their proper perspective: Deregulation; Privatisation; Midstream Petroleum Sector; and Downstream Petroleum Sector.

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In the simplest term, Deregulation is the removal or reduction of government controls, rules or regulations in a specific industry, sector or business.[2] The rationale behind deregulation is to remove restraints and administrative bottlenecks, create healthy competition, and ensure that certain activities in a particular sector of the economy thrive. When the term is used in the petroleum industry, it refers to the method of "*changing an economic system or industry from intensive government regulation to a system that is accessible to all interested oil investors, which is controlled by forces of demands and supplies*."[3] Put differently, it is a move towards reducing or eliminating government controls via shifting from government-administered pricing and regulations to market-based mechanisms, where supply and demand determine prices.[4]

Privatisation, on the other hand, is the transfer of ownership, management and control of government-operated businesses, assets, services or enterprises to private individuals or companies.[5] It can take many forms and some of them include core investor sales, share subscription, offer of shares to the public, sale of assets, trade sale, new equity investment by the private sector, and concessions, to name but a few.[6] The benefit of privatisation is that it unearths and unleashes progressive private sector principles like profitability, efficiency, and healthy competition into near-comatose areas previously run by the government. Whenever reference is made to the term, "privatisation," in the petroleum industry, it denotes the "*total transfer of government-held oil assets or firms to investors on a shareholding ratio*."[7]

The phrase, "Midstream Petroleum Sector" encompasses the transporting and storing of raw materials (crude oil and natural gas), often via pipelines or tankers, to where

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2 PeopleHum, 'Deregulation', <https://www.peoplehum.com/glossary/deregulation> accessed 24 September 2025; and The Investopedia Team, 'Deregulation: Definition, History, Effects, and Purpose' (*Investopedia*, 11 March 2025) <https://www.investopedia.com/terms/d/deregulate.asp> accessed 24 September 2025.

3 Olusola Joshua Olujobi, 'Deregulation of the Downstream Petroleum Industry: An Overview of the Legal Quandaries and Proposal for Improvement in Nigeria', 2021 *Heliyon* 7 e06848, p. 2 <https://www.sciencedirect.com/science/article/pii/S2405844021009518#:~:text=Simultaneously%2C%20a%20subsidy%20scheme%20is,Baghebo%20and%20Beauty%2C%202015).> accessed 24 September 2025.

4 Notable aspects include the removal of fuel subsidies; promoting competition among private companies; encouraging investment; and aiming for a more self-financing and self-reliant sector through free-market pricing.

5 Marshall Hargrave, 'Understanding Privatization: Process, Benefits, and Real-World Examples' (*Investopedia*, 9 September 2025) <https://www.investopedia.com/terms/p/privatization.asp> accessed 24 September 2025; and Byjus, 'Meaning of Privatisation' <https://byjus.com/commerce/privatisation/> accessed 24 September 2025.

6 Bureau of Public Enterprises (BPE), 'What is privatisation?' (*BPE*, 18 October 2018) <https://www.bpe.gov.ng/what-is-privatisation/> accessed 24 September 2025.

7 Olujobi, *op. cit.*, (n3).

they will be processed.[8] The Downstream Petroleum sector refers to the refining of crude oil and natural gas into finished products and their distribution to consumers.[9] In Nigeria, the body saddled with the responsibility for the technical and commercial regulation of midstream and downstream operations in the petroleum industry is the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA).[10]

This article addresses the historical journey and background of the liberalisation and privatisation of the Nigerian Midstream and Downstream Petroleum sector; the incremental gains or benefits recorded in the process; the lodestar role played by the Dangote Refinery; and prospects inherent in the entire exercise. It proffers recommendations to government, Dangote Refinery, petroleum products marketers and other stakeholders in the Downstream Petroleum sector on what should be done to ensure that the gains of the deregulation and privatisation are maximised in Nigeria.

2. Background to the Liberalisation and Privatisation Initiative

The origin of Nigeria's petroleum industry began with initial exploration in 1908 and the first commercial discovery in 1956, leading to the establishment of government entities like the Nigerian National Oil Corporation (NNOC) in 1971, and later, the Nigerian National Petroleum Corporation (NNPC) in 1977 to manage the sector.[11] In 1982, the Nigerian Ports Authority (NPA) invited private sector investors to operate at the Federal Lighter Terminal (FLT), marking an early collaboration in the Oil and Gas Industry's logistics base.[12] Notwithstanding, the petroleum industry largely failed to stimulate economic growth; and the distribution of petroleum products was heavily tainted by huge wastages arising from multiple ruptures in the pipeline systems. The petroleum industry suffered from corruption, mismanagement and inefficiencies leading to

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8 Activities in the Midstream Petroleum Sector in Nigeria include transportation through pipelines, trucking, rails, shipping and vessels; refining processing; storage facilities operations (depots); jetties and terminal operations (offloading and loading); wholesale marketing of petroleum products; development of policy framework for concession of pipelines asset; real-time surveillance of the Midstream facilities; and development of policy framework for Carbon Capture, Utilization and Storage (CCUS).

9 Activities in the Downstream Petroleum Sector in Nigeria include distribution of refined petroleum products; commercialisation and liberalisation of Downstream operations; retail marketing of petroleum products; petrochemicals operations; petroleum products price modelling and forecast; refineries operations; and jetties and terminal operations (offloading and loading) of refined products.

10 Established by section 29 of the *Petroleum Industry Act* (PIA), 2021.

11 Ministry of Petroleum Resources, Federal Republic of Nigeria, 'Our History: A Comprehensive Overview of the Ministry of Petroleum Resources, Nigeria' <https://petroleumresources.gov.ng/our-history/#:~:text=Origins%20and%20Early%20Beginnings%20(1956,of%20Petroleum%20(1975%20%2D%201985)> accessed 24 September 2025.

12 Oil and Gas Free Zones Authority (OGFZA), Nigeria, 'OGFZA History' <https://ogfza.gov.ng/company-overview/company-history/#:~:text=As%20has%20been%20documented%20by,operate%20out%20of%20Onne%20FLT.> accessed 24 September 2025.

pipeline vandalism, oil theft, and lack of investment due to public control and poor regulatory frameworks.

As a result of these shortfalls, the Federal Government initiated talks about the deregulation and privatization of the petroleum sector which necessitated several further reforms. This idea of privatising parts of Nigeria's petroleum industry was mooted in the late 1990s and early 2000s as part of the broader economic reforms. On 6th July, 1999, President Olusegun Obasanjo inaugurated the National Council on Privatization (NCP) ably chaired by the then Vice President, Alhaji Atiku Abubakar, to implement the privatisation programme through the Bureau of Public Enterprises (BPE) in accordance with the *Public Enterprises (Privatization and Commercialization) Act*, 1999.[13] The Obasanjo administration, through the BPE, revived Nigeria's privatisation program, selling off government shares in various enterprises.[14] The primary purpose was to enhance efficiencies, reduce the burden of loss-making public enterprises on the national treasury, and attract foreign and domestic private investment.[15] The program targeted various sectors, including commercial enterprises and infrastructure, though remaining assets often included more challenging, infrastructure-heavy entities.

President Olusegun Obasanjo inaugurated an oil and gas sector reform implementation committee in 2000, whose report became the springboard for the first Petroleum Industry Bill.[16] This committee produced a National Oil and Gas Policy (NOGP) which primary obligation was the need to separate the commercial institutions

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13 Peter Ogwuche Idu, 'Evaluation of Privatization Policy in Nigeria (1999 – 2004): A Study of Bereau for Public Enterprise (BPE)' <https://www.grin.com/document/286782#:~:text=ongoing%20privatization%20programme.-,The%20problem%20of%20the%20study%20focuses%20on%20ways%20of%20finding,and%20in%20all%20its%20transaction.> accessed 24 September 2025; and Umair Ullah, 'Privatisation in Nigeria' (*Nigerian Law Guru*, June 2005) <https://nigerianlawguru.com/wp-content/uploads/2024/06/PRIVATIZATION-IN-NIGERIA-1.pdf> accessed 24 September 2025.

14 *Ibid*. See also, Bureau of Public Enterprises (BPE), 'What are the objectives of Privatisation?' (*BPE*, 18 October 2018) <https://www.bpe.gov.ng/what-are-the-objectives-of-privatisation/#:~:text=The%20scope%20of%20the%20privatisation,in%20excess%20of%20$100%20billion.> accessed 24 September 2025.

15 Adekola Abdulazeez Alao and Raheem T. Kazeem, 'Privatization of Public Enterprises in Nigeria: Challenges and Prospects' 2016 5(1) *Entrepreneurial Journal of Management Sciences (EJMS)*, 8. Accessed via: <https://alhikmah.edu.ng/ejms/index.php/ejms/article/download/5/3#:~:text=First%2C%20by%201985%2C%20the%20quantum,liberalism%E2%80%9D%20in%20the%20development%20literature.> accessed 24 September 2025.

16 The Conversation, 'New Law Will Make Nigeria's Petroleum Industry Attractive to Investors' (*The Conversation*, 3 September 2021) <https://theconversation.com/new-law-will-make-nigerias-petroleum-industry-attractive-to-investors-166860#:~:text=DOI&text=Republish%20our%20articles%20for%20free,under%20a%20Creative%20Commons%20license.&text=Nigeria's%20journey%20to%20the%20Petroleum,of%20petroleum%20operations%20in%20Nigeria.> accessed 24 September 2025.

in the oil and gas sector from the regulatory and policy-making institutions. In 2003, the Nigerian government conceived of deregulation in the downstream sector, aiming to remove, or at least reduce, government control over product prices and open the industry to private refining, jetties, and depots.[17]

Nigeria realised ₦552 billion from the sales of public enterprises from 1999 to 2007[18] and the landmark transactions in the petroleum sector for the BPE were the sale of a 51% stake in the Port Harcourt Refinery to Bluestar Oil for US$ 561 million and the sale of 51% shares in Kaduna Refinery to Bluestar Oil for $160 million.[19] The purchaser, Bluestar Oil, was a partnership between Dangote Oil, Zenon Oil, and Transcorp. Less than two months after the assumption of office by President Umaru Musa Yar'Adua in July 2007, he ordered that the two refineries be returned by the private investors to the NNPC due to the controversy that trailed the privatisation process.

This bold effort at privatisation awakened specific sector interest in fuel stations, storage, and distribution. Private sector players, including local and international investors, indicated interest in the downstream petroleum sector in Nigeria. This interest translated into investments and procurement of licenses to operate import refined petroleum products, fuel stations, storage depots, transportation, and other allied services. The potential for profit and growth in the sector, which had previously been championed and dominated by government-owned entities, spurred private investors to acquire assets and enter the market.

The deregulation of Nigeria's downstream oil sector under the Obasanjo administration was aimed to move from government-controlled prices to market-based pricing for diesel, kerosene, and other products by removing subsidies and encouraging private sector participation. While the broader deregulation process began under the Obasanjo administration in 2003 with gradual removal of subsidies from aviation fuel, and diesel, the complete removal of subsidies for all products, especially kerosene, has been a gradual and sometimes contentious process over the years. Thirteen years after diesel was deregulated, kerosene subsidy was removed in 2016. However, the

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17 Nkogbu Oshilim Godfrey and Okorodudu Oritsematosan, 'Deregulation of the Downstream Sector of the Nigerian Petroleum Industry: The Role of Leadership' 2015 7(8), *European Journal of Business and Management*, 35. Accessible via: <https://core.ac.uk/download/pdf/234626365.pdf#:~:text=Deregulation%20of%20the%20downstream%20sector%20of%20the,while%20allowing%20privates%20sector%20players%20to%20be> accessed 24 September 2025.

18 *Ibid.*, at p. 11.

19 Oluwatosin Ogunjuyigbe, 'Why Yar'Adua cancelled Dangote's Purchase of Port Harcourt Refinery – Falana' (*Business Day*, 3 January 2025) <https://businessday.ng/energy/article/why-yaradua-cancelled-dangotes-purchase-of-port-harcourt-refinery-falana/> accessed 26 September 2025.

subsidy on Premium Motor Spirit (PMS) proved to be the biggest headache to the managers of the Nigerian economy.[20]

In 2021, the pacesetting *Petroleum Industry Act* (PIA), 2021 was finally passed and signed into law by President Muhammadu Buhari, providing a legal substructure for privatising and improving the oil and gas sector by creating new regulatory institutions and establishing a conducive environment for investment. As a landmark offshoot of the *PIA*, the Nigerian National Petroleum Corporation (NNPC) was transformed into a private company, NNPC Limited, in 2022. Thus, it became a commercial entity and was no longer dependent on government funding.[21] This reform birthed a new regulatory framework for the midstream and downstream sectors, ensuring that the NMDPRA effectively manages the midstream and downstream sectors of the petroleum industry.[22] Notwithstanding the enactment of the PIA, the government could not remove subsidy from PMS because of the lack of in-country refining capacity as the government refineries were not functional, the volatility of the exchange rate of the Nigerian Naira to the United States Dollar, the unpredictability of the global crude oil pricing, and the bureaucratic tendencies and endemic corruption in the system. Thankfully, President Bola Ahmed Tinubu announced the removal of the subsidy on PMS upon his inauguration as the President on 29th May, 2023, thus paving the way for PMS price to be truly deregulated.

It is noteworthy that Nigeria's PMS market is now controlled by free market forces. Section 205 of the *PIA* mandates that wholesale and retail prices of petroleum products be based on unrestricted free-market pricing conditions. This means prices are now determined by supply and demand and this marks a welcome shift from the previous government-controlled pricing system, even though exceptions exist for monopoly or dominant service providers. The primary forces now controlling prices are the import

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20 Taiwo Oyedele *et al*, 'Fuel subsidy in Nigeria - Issues, Challenges and the Way Forward' (*PwC*, May 2023) <https://www.pwc.com/ng/en/assets/pdf/fuel-subsidy-in-nigeria-issues-challenges-and-the-way-forward.pdf#:~:text=Thirteen%20years%20after%20diesel%20was%20deregulated%2C%20kerosene,to%20the%20managers%20of%20the%20Nigerian%20economy.> accessed 24 September 2025.

21 Leo Komminoth, 'Nigeria's NNPC Becomes Private Company' (*African Business*, 22 July 2022) <https://african.business/2022/07/energy-resources/nigerias-nnpc-becomes-private-company#:~:text=As%20Nigeria's%20perennially%20inefficient%20and,benefit%20Africa's%20largest%20oil%20producer?&text=%E2%80%9CJuly%2019%20should%20go%20down,ministries%20of%20petroleum%20and%20finance.> accessed 24 September 2025.

22 BPE, *op. cit.*, (n6).

price (which reflects international oil prices) and the exchange rate (of the Nigerian Naira against the US Dollar), along with local operational, logistics, and refining costs.[23]

3. Incremental Gains of Deregulation and Privatisation of Midstream and Downstream Petroleum Sectors

i. Availability and incremental quality of product

One of the most visible gains of the deregulation of the downstream sector of the Nigerian Petroleum industry is the ease with which customers can get the fully deregulated products especially diesel from the suppliers since the private sector was allowed to come into the business. While there continues to be queues in gas stations across the country for the PMS and Kerosine, more often than not, every station has always had diesel to sell since the deregulation of the product. PMS, Aviation fuel and other refined petroleum products are also now largely available and the quality of those products coming from Dangote Refinery has been described by experts and consumers alike as being of topmost grade.[24]

ii. Competition and Efficiency of Distribution

Competition has led the sector to experience a significant level of efficiency across the country since the full deregulation of supply of PMS. Each supplier now knows that efficiency is the name of the game and if a supplier drops the ball, another supplier may take over their market share. Inefficiency in the distribution of diesel was one of the significant gaps that the Billionaire, Femi Otedola, observed which also served as the opportunity for him to access and dominate the diesel market.[25]

iii. Curbing corruption and government bureaucracy

Starting from allocation of licences to import the product, since the refineries were not working, to submitting a claim for subsidy to the government, it was a field day for both the government officials and unscrupulous businessmen and

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23 Oluwatobi Ojabello, 'Nigeria Begins Oil Deregulation: A shift Toward Market Forces' (*Business Day*, 29 October 2024) <https://businessday.ng/backpage/article/nigeria-begins-oil-deregulation-a-shift-toward-market-forces/> accessed 25 September 2025; and NNPC, 'PMS Prices are Determined by Free Market Forces – NNPC Ltd' (*NNPC*, 5 September 2024) <https://www.nnpcgroup.com/insights/pms-prices-are-determined-by-free-market-forces-nnpc-ltd> accessed 25 September 2025.

24 Global Aircraft Manufacturer, Bombardier Endorses Dangote Refinery https://www.thisdaylive.com/2025/09/19/global-aircraft-manufacturer-bombardier-endorses-dangote-refinery/ accessed on 29th September 2025.

25 See, Femi Otedola, *Making It Big: Lessons from A Life in Business* (FO Books, 2025) 17 – 18.

women in the downstream sector of the Nigerian petroleum industry with regards to PMS. However, for diesel importation and distribution and given that no subsidy was being paid again, there has been little or no avenue through which individuals and groups can fleece the government and the system. Bureaucracy and its dubious collaborators keep fighting back real hard, but deregulation has been most helpful in curbing corruption in the midstream and downstream sectors of the Nigerian oil and gas industry.[26]

iv. **Increased investment and human capital development**

A large part of Apapa Port became a tank farm industry of its own as businesses in the petroleum products supply chain invested huge sums of money to build, maintain and run tank farms. Some even invested in acquiring vessels with which they imported petroleum products for sale in Nigeria. Without deregulation, the downstream would not have witnessed the kind of investment attracted to the sector.

v. **Impetus to continue to pursue full deregulation of the entire Petroleum industry**

The efficiency and positive results witnessed and experienced in the full deregulation of the supply of diesel and partial deregulation of the kerosene, aviation fuel and gas products gave the government the needed impetus to continue the deregulation of the entire petroleum sector. Even though at times, regimes chickened out of the full deregulation of PMS, each time the privatisation of distribution and supply of PMS is mooted, government always referenced the example of the efficiencies being experienced in the distribution of diesel as a compelling reason to fully deregulate the distribution of all the petroleum products especially the PMS.

4. <u>Licensing of Private Businesses to Build and Operate Refineries</u>

Acutely aware that without in-country refining, the deregulation of the supply of petroleum products cannot possibly be a success, the Federal Government licensed private sector individuals to build and operate their own petroleum products refineries. Given that government refineries were not working and frustrated that they may never work if other businesses that the government had been involved in are used as yardsticks, government was determined to allow the private sector to take over the downstream petroleum industry. The first set of licenses to private sector-led

[26] *Ibid.*, at pp. 223 – 224.

businesses to build and operate refineries was handed out around 2013, with Aliko Dangote announcing his financing for the Dangote Refinery in September 2013.[27] Another set of licenses were granted by President Muhammadu Buhari in August 2015 to 65 private firms for modular refineries.[28]

Unfortunately, most of the licensees did not reach the stage of closing the deal or construction of refineries and no new significant privately-owned refinery came on stream over the years. The major reason is that there was no full deregulation of the supply of petroleum products, especially as the PMS and the subsidy regime continued to be operational. It even became a monstrous cesspool of ungodly proportion. With the subsidy regime and its attendant corruption, no refinery could build and operate profitably in the country. Removal of subsidy and freeing the much-needed resources for the government became a political, social, economic and even moral decision and the level of corruption would not allow the government to make the hard decision. Consequently, it was difficult, if not impossible, for any business to put money into building a refinery.

5. Entrance of Dangote Refinery and Petrochemical Giant

Everyone who has been to the approximately $20 billion Dangote Refinery in Lekki, Lagos, Nigeria, has described the project as an elephant in size, and a petrochemical refining and geographically redefining landmark. But this has not always been the case until one man, Africa's richest, decided to take the bull by the horns and put his money (and banks' money) where his mouth is. Dangote Refinery is now in full operation pushing out all petroleum products ranging from Aviation Fuel (ATK – Aviation Turbine Kerosene), PMS (Premium Motor Spirit), Diesel (AGO – Automotive Gas Oil), DPK (Dual Purpose Kerosene), HHK (Household Kerosene), etc., into the local and foreign markets and getting all the awards and accolades rightfully deserved.

In terms of size and production capacity, the Dangote Refinery is an investment spanning an expansive 2,635 hectares and it has a high capacity to process 650,000 barrels per day.[29] The facility is widely reported as the world's largest single-train

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27 Aghogho Udi, 'Ten Completed Refineries in Nigeria and their Production Capacity' (*Nairametrics*, 20 June 2024) <https://nairametrics.com/2024/06/20/ten-completed-refineries-in-nigeria-and-their-production-capacity/> accessed 25 September 2025.

28 Money Management Series Plus, 'FG Approves Construction Licenses to 65 Private Refineries in Nigeria' (*MMS Plus*, 31 August 2015) <https://mmsplusng.com/fg-approves-construction-licenses-to-65-private-refineries-in-nigeria/#:~:text=FG%20Approves%20Construction%20Licenses%20To%2065%20Private,applications%20that%20were%20screened%20for%20the%20purpose.> accessed 25 September 2025.

29 Alexander Onukwue, 'Nigeria's Dangote Bullish on "Winning" Fight for his $20B Refinery' (*Semafor*, 1 May 2025) <https://www.semafor.com/article/05/01/2025/nigerias-dangote-bullish-on-winning-fight-for-his-20b-refinery> accessed 25 September 2025.

refinery and the world's biggest single-unit refinery facility. Building the Dangote Refinery required setting up a first-rate, self-sustaining marine facility and the longest sub-sea pipeline infrastructure in the world.[30] In terms of financing and infrastructural efforts, the project involved significant international and local financing, with the project's success dependent on the patience of the financiers through tough times. The project required overcoming considerable engineering challenges, including working on swampy terrain and manually clearing vast tracts of land. It is on record that over 900 young engineers received six-month training in advanced refinery operations from renowned companies in Italy and India.[31] The project involved extensive logistics, including the construction of a massive fleet of CNG trucks and the management of a 1,100 km sub-sea pipeline.[32]

The Dangote Refinery faced heated battles, sabotage efforts and opposition from the deep-rooted "oil mafias" in Nigeria. These "oil mafias" are individuals and entities who benefited and continue to benefit from Nigeria's reliance on imported fuel. In one of his public sessions, Alhaji Aliko Dangote disclosed that "*the oil mafia is more deadly than the one in drugs because, with the oil mafia, there are so many people that are involved. You might be wining and dining with them, but these are the guys that are the masters of moving things around*."[33] Furthermore, market dynamics and unfavourable conditions posed a serious challenge to the Refinery. Major marketers were reluctant to buy in bulk as a result of pricing models and unfavourable business conditions, and this created a difficult and ineluctable "*survival battleground*" in the downstream sector.[34] Another major hurdle has been the reluctance of International Oil Companies (IOCs) to supply the Dangote Refinery with crude oil, and this has severely impacted operational costs; forcing the company to rely on limited and more

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30 Dangote.com, 'The Dangote Petroleum Refinery' <https://www.dangote.com/our-business/oil-and-gas/#:~:text=of%20Victoria%20Island-,The%20Dangote%20Petroleum%20Refinery,to%20also%20process%20other%20crudes.> accessed 25 September 2025.

31 Ben Ezeamalu, 'Nigeria: 10 Things About the Dangote Refinery, World's Biggest Single-train Facility' (*The Africa Report*, 18 January 2024) <https://www.theafricareport.com/333746/nigeria-10-things-about-the-dangote-refinery-worlds-biggest-single-train-facility/#:~:text=9.,Petroleum%20Corporation%2C%20Mumbai%20in%20India.> accessed 25 September 2025.

32 Dangote.com, *op. cit*., (n30).

33 Seun Adeuyi, '"I've Been Fighting Battles", Dangote Opens up on His Refinery, Clash With "Oil Mafia"' (*Daily Trust*, 18 February 2025) <https://dailytrust.com/ive-been-fighting-battles-dangote-opens-up-on-his-refinery-clash-with-oil-mafia/> accessed 25 September 2025.

34 Nigeria Info, 'Price Battle Brews Between Dangote Refinery and Independent Oil Marketers' (*Nigeria Info*, 20 May 2025) <https://www.nigeriainfo.fm/news/homepagelagos/price-battle-brews-between-dangote-refinery-and-independent-oil-marketers/#:~:text=Despite%20enhanced%20production%20capacity%2C%20major,globally%2C%20potentially%20leading%20to%20instability.> accessed 25 September 2025.

expensive import options. Additionally, the Dangote Refinery has been drawn into "*price battles*" with independent marketers. This is because the Refinery's price slashes sometimes go against the business projections and permutations of independent marketers.[35] Unfortunately, this battle continues even as we write as the Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASAN) has declared strike action in respect of the disagreement on the issue of unionisation of staff members of the Dangote Refinery.

To survive and thrive in the Nigerian business landscape, the Dangote Refinery has embarked on a spree of lawful manoeuvring and strategic partnerships. At the top of the list is the "*Naira-for-Crude Initiative*" and it leverages on this Nigerian government initiative to secure domestic crude oil supplies, easing pressure on the dollar and promoting currency stability.[36] The Dangote Refinery massively benefited from government and community support. This admission came from one of its press releases where it appreciated the President of the Federal Republic of Nigeria, the Lagos State Government, and other government agencies for their proactive support in resolving project challenges, and commended the host communities and traditional leaders for showing patience and willingness to work with the Refinery.[37] Importantly, the Refinery has formed strategic partnerships with international suppliers like Honeywell UOP for technology and training, and with the NNPCL.[38]

The successes and gains already accruing and the ones likely to accrue to Nigeria as a result of this project are massive. Without doubt, the Dangote Refinery is a "turning point" in Nigeria's journey towards self-reliance in refined petroleum products supply. In its short period of existence, the Dangote Refinery has taken active steps to reduce the lingering issue of fuel queues and demurrage, ensuring a constant supply of refined petroleum products in Nigeria. In the economic sense, the project has created thousands of jobs; raised Nigeria's economic and energy security; and positioned the nation as a relevant force in the global energy market. The Dangote Refinery is projected to meet 100% of Nigeria's requirement for all refined petroleum products with

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35 *Ibid.*

36 Dangote.com, 'Dangote Refinery an Industrial Revolution, Liberating Nigeria – C'tee on Domestic Crude Oil Sales' <https://www.dangote.com/dangote-refinery-an-industrial-revolution-liberating-nigeria-ctee-on-domestic-crude-oil-sales/#:~:text=In%20response%2C%20Aliko%20Dangote%20applauded,a%20surplus%20available%20for%20export.> accessed 25 September 2025.

37 Dangote.com, 'Dangote Petroleum Refinery Starts Production' <https://www.dangote.com/dangote-petroleum-refinery-starts-production/#:~:text=The%20Refinery%20can%20load%202%2C900,I%20thank%20them%20profusely.%E2%80%9D> accessed 25 September 2025.

38 Ezeamalu, *op. cit.*, (n31); and Dangote.com, (n37).

a surplus of each of these products for export. This reality opens a new stream of revenue for the country, diversifies foreign exchange earnings, and enhances Nigeria's standing as a respectable hub for refined petroleum products. While processing both Nigerian crude oil and imported crude oil, the Dangote Refinery is projected to create a market for $21 billion per annum of Nigerian crude oil.[39] Worthy of mention is the fact that the Dangote Refinery has ushered in a new era of competitive market prices. By refining crude oil domestically, Nigeria is expected to cut down on huge costs associated with importation. This should translate into more competitive fuel prices, easing the financial burden on the nation at large.

The deregulation of Nigeria's downstream petroleum sector has fully come on stream, and all interested marketers can now purchase refined petroleum products directly from the Dangote Refinery. This substantial transformation, appearing as a breath of fresh air for transparency and competition, also means the NNPC is no longer the sole importer or buyer of refined petroleum products, and will now sell crude oil to local refiners in Nigerian Naira.[40] The good news is that after the Dangote refinery has become operational, many other refineries with different sizes and capacities are also coming up on stream in Nigeria with some at different levels of completion of construction works, and Nigeria now undoubtedly the new regional petroleum refining hub.

6. Comments and Conclusions

The deregulation and privatisation of Nigeria's midstream and downstream petroleum sectors have opened up new vistas of vigilance for the country, with significant focus on important areas. These important areas include: (i) the need for continuous efficient regulatory frameworks to foster healthy competition; (ii) investments in more local refining capacity to reduce and ultimately eradicate dependence on imports and engender healthy commercial competition; (iii) management of labour impacts to protect and preserve jobs, and to prevent supply chain disruptions. Others are: (iv) combating corruption and smuggling through transparent and foolproof monitoring and control mechanisms; and (v) the importance of effective governance and leadership to ensure the continuous successful implementation of the deregulation and privatization of the sectors.

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39 Dangote.com, *op. cit.*, (n30).

40 The Value Chain, 'FG Announces Full Deregulation of Petroleum Industry' <https://www.thevaluechainng.com/breaking-fg-announces-full-deregulation-of-petroleum-industry/#:~:text=The%20federal%20government%20has%20announced,to%20N1%2C030%20per%20litre.>accessed 25 September 2025.

The Dangote Refinery has supplied the hitherto missing link, and the deregulation and privatisation process have transformed Nigeria's midstream and downstream petroleum sectors by promoting competition, increasing efficiency, and ensuring product availability through private investments.

To sustain the benefits of deregulation and privatisation, we recommend that the government, Dangote Refinery, the labour unions like the PENGASAN and other market stakeholders to collaborate through transparent communication, introduction of an efficient regulatory framework, fair competition, and accessible supply chains. In this wise, the government should pay more attention to reinforcing market oversight and ensuring crude oil access for local refineries. The Dangote Refinery and other stakeholders should keep an open mind in commercial negotiations while other investors should also be encouraged by the government and other stakeholders to invest and build more refineries. The PMS marketers in Nigeria must admit that it is a new day indeed, and rather than continuing on the path of unnecessary bickering with the Dangote Refinery, they should find a way to collaborate or better still, they should pool resources together and build more refineries.

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