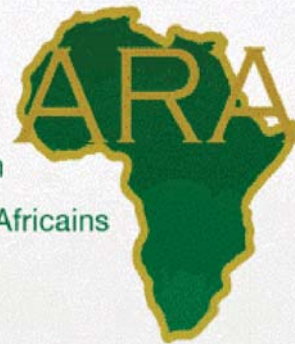


# Newsletter

ISSUE No 9 FEBRUARY 2010

African Refiners Association  
Association des Raffineurs Africains

جمعية المكررين الأفارقة



## World Bank Sub-Saharan Refining & Health Study published

The final combined ARA/World Bank commissioned Refining and Health Study is now available on the ARA website ([www.afraa.org](http://www.afraa.org))

The headline summary of the report is:

Invest in Sub-Saharan refineries \$6bn by 2020 to meet AFRI-4 specifications and reap the benefits of \$43bn of health savings over 10 years


This can be further broken down by geographic region as follows:

Billions 2007 dollars	SSA Total	West Africa	East Africa	Southern Africa
5-Year Refinery Investment Costs	\$2.76 B	\$0.47 B	\$2.13 B	\$0.59 B
Health Benefits over 5 Years	\$25 B	\$18 B	\$5.3 B	\$1.0 B
10-Year Refinery Investment Costs	\$6.14 B	\$4.69 B	\$2.48 B	\$0.99 B
Health Benefits over 10 Years	\$43 B	\$32 B	\$9.0 B	\$1.8 B

The Study makes a clear link between not only improving the fuel specifications through refinery investment but also other government action (see the Kampala Specifications Seminar article for more details) in order to achieve the identified potential health savings.

The ARA will continue its discussion with the World Bank about the next steps needed to attract finance for refinery upgrades in order to gain improved economics in SSA refineries as well as the forecasted health benefits for the country.

Members will be discussing this issue with their shareholders and governments, and the ARA executive will continue the dialogue with the World Bank started in 2007 with a view to helping Members with the challenge they face in the current difficult economic environment.



African Refiners Association  
Association des Raffineurs Africains  
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**8<sup>th</sup>-10<sup>th</sup> March 2010**  
**ARA Annual General Meeting**

**Keynote Speakers:**  
Ms. Dipuo Peters,  
Minister Of Energy of South Africa


Ms. Marcene Broadwater, World Bank,  
Global Head of the Chemicals Division







**VIP speakers include:**  
Mr Alain Champeaux, Total, Refining & Marketing, Africa Middle East MD

**ARA WEEK 2010**  
**8 - 12 MARCH**

To be held at the Westin Grand Hotel, Cape Town

**11<sup>th</sup>-12<sup>th</sup> March**  
**Downstream Workshop**  
organised by



**2010 Invited speakers include:**

**Keynote Speaker:**

Ms. Dipuo Peters, Minister Of Energy of South Africa  
Ms. Marcene Broadwater, World Bank, Global Head of the Chemicals Division

**VIP speakers:**

Mr Alain Champeaux, Total, Refining & Marketing, Africa Middle East Managing Director  
Mr Austen Oniwonn, NNPC, Group Executive Director Refining and Petrochemicals  
Mr Charles Metouck, Sonara, Managing Director

For all hotel arrangement  
Please contact: Ghecko Safaris  
Email: [info@gheckosafaris.com](mailto:info@gheckosafaris.com)  
Tel +27 21 701 5303

Bookings to be made before the 1st March 2010 to guarantee a room

For further information on  
Membership, associate membership, sponsorship  
Contact: [info@AfrRA.org](mailto:info@AfrRA.org)  
Tel: +44 207 343 0014  
Fax: +44 207 343 0015






















## Kampala Specifications Work Group lays down road map

The September meeting of the ARA Specifications Workgroup in Kampala witnessed a significant step on the part of the ARA to establish a roadmap for the tightening of fuel specifications in Africa.

For the first time the Specifications Workgroup recommended to the ARA Executive Committee to fix deadlines for official specifications to meet AFRI-2 (by end 2010) and AFRI-4 (2020). Over 60 delegates, including representatives from various government ministries from Uganda, Kenya, DRC, Rwanda, Tanzania, and the East Africa Community attended the Workshop held in Kampala, Uganda alongside ARA members, associated members and guests from Ethiopia, the Ivory Coast, South Africa, Uganda, Ghana, UK, Canada, USA, France, Sudan, Kenya, Nigeria, Angola, Greece, India and Cameroun.

The recommendations for future fuels specifications were made in the context of presentations by SAPIA (the South African oil industry body) and Afton Chemicals. These stressed the need to

involve all stakeholders (government ministries of Energy, Transport and Environment, motor manufacturers and oil companies in particular) in the process of determining not only improvements in fuel specifications but also by imposing other measures without which the improvement in fuel quality would not lead to any significant improvement in air quality.

In line with the recent ARA/World Bank Sub-Saharan Africa Refining and Health study, the following regulatory measures to improve the vehicle fleet concurrently with the fuel specification changes were recommended to be mandated by African governments and regional authorities:

- all imported gasoline-powered cars to have functioning catalytic converters
- a robust vehicle Inspection and Maintenance programme to be established
- encourage the phase-out of old, highly-polluting vehicles
- encourage the phase-out or banning of 2-stroke engines.

The Workgroup also heard of best practice on test methods from the Principal Standards Officer of the East African Community, presentations by the Uganda Ministry on their new refinery plans and by UNEP on their BAQ programme. In addition, the Petroleum Institute of East Africa presented their role supporting marketing companies in East Africa, Essar Oil - the new shareholder in the KPRL Mombasa refinery – showed videos of their substantial worldwide operations, Total Paris presented evolution of European specifications, Axens promoted their ultra low sulphur diesel catalyst technology, the Sonara refinery in Cameroun explained the nature of volatile gases in the gasoline pool and a summary of the ARA/World Bank Refining and Health study was shown.

Mr Joel Dervain, President of the ARA, thanked the Ugandan Ministry for their kind hospitality and organisation and expressed the ARA's support for the planned refinery development in Uganda.

## First ARA seminar on Furnaces and Heat Exchanger held in Mombasa



Under the direction of the Executive Committee of the ARA, the first seminar on "Furnaces and Heat Exchangers" was organised between the 28-29 September 2009 at the Serena Hotel Beach in Mombasa, Kenya. The theme for the seminar was "The monitoring and the performances of furnaces and heat exchangers".

The opening session was attended by the GM of KPRL, Mr John Mruttu and Mr Michel Koblavi from SIR who was representing the ARA President Mr Joel Dervain.

The goals of the seminar were the following:

- Facilitating the contact between the managers and process engineers,

- Agreeing on a common platform on the monitoring and the performances of the furnaces and the heat exchangers in refining,
  - Keeping up to date with the new developments and technologies of heating equipments,
  - Exchanging experiences between refineries.
- Representatives from Cameroun, Cote d'Ivoire, Congo (Brazzaville), France, Kenya, Nigeria and Sudan attended the seminar, in addition to different specialised companies (John Zink, Elgin, Sonovation Group).

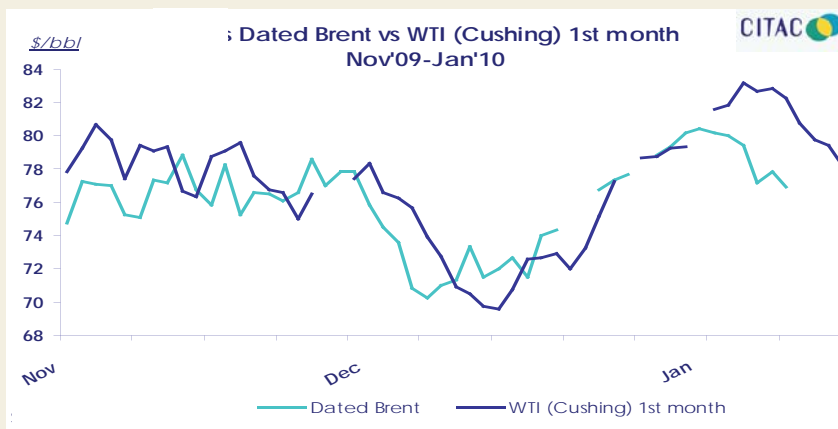
The main recommendations after the seminar were:

- To put together a specialised team for

- the monitoring and the optimisation of heating equipments., to include a thermal engineer and a technician,
- To emphasise the safe use of the furnaces, by regularly maintaining the different parts of furnaces, boilers and heat exchangers: Depressuremeter, alarms for high temperatures, pressure alarms, oxygen meters etc
- To arrange periodical internal or external audits for furnaces,
- To look for projects aiming to reduce CO2 emissions
- To acquire a software to monitor the resistance of clogging,
- Sustain technical skills by the transfer of knowledge and expertise and a better management of human resources.
- To organise improvement trainings,
- To buy only original parts, to ensure reliability and the availability of the burners,
- To have the contact details of the managers and the process engineers on the ARA website,
- To share experiences about dealing with incidents and post them on the ARA website as a Technical Alerts ,
- To include boilers for the next seminar.

All the attendees were satisfied with the seminar, and expressed their wish to have another meeting in two years.

## Is the Volatility of Oil prices a Risk for African Refining?



At the ARA Executive Meeting in Casablanca in July volatile oil prices and their impact on African refiners were discussed. After the dramatic fall from \$140 to \$30/bbl in 2008 many refiners saw this volatility in terms of reduced profitability in historic accounting terms and, even worse, weakened balance sheets.

The gradual recovery throughout 2009 may have re-boostered confidence a little but with the current physical overhang of crude oil and distillates in the market, the risk of another large fall is ever-present in people's minds.

With many African refiners for differing reasons have difficulty to use many of the hedging

tools open to competing commercial refining centres (notably, Europe, US and India) the Committee considered whether a simple guide to price risk management best practice might be a subject welcomed by both ARA Members and Associated Members. After a lengthy discussion and on the recommendation of the ARA President, Mr Joel Dervain, it was decided to poll the Members and Associated Members on their attitude to price risk and whether a full study on the subject would be by the Members as a legitimate ARA activity or a commercial matter best left to individual shareholders.

A questionnaire was sent out to all Members and Associate Members at the end of November and it is hoped that the results of the survey will be known in time for the next Executive Meeting and to be discussed at the AGM in Cape Town in March.

# ARA Shipping and Vetting Study



At the ARA Shipping Seminar held in Abuja in June 09, it was recommended that the ARA commissions a comprehensive ship vetting feasibility study, initially for the Gulf of Guinea region (Senegal to Angola).

At the ARA Executive Committee in Skhirat in June the committee agreed to the recommendation and instructed the ship vetting consultant Mr. Bob Frankland (a retired ExxonMobil vetting manager), to commence the study in mid September 2009 with the aim of presenting the final report to the ARA members by the end of February 2010. Mr Frankland produced a questionnaire which was intended to assist and focus the study on the needs of the members.

The questionnaire asked members to:

- provide an estimate of the total Gulf of Guinea coastal vessel and international ship vetting requests (screenings) which member companies might initiate per year.
- provide a list of vessel names/IMO numbers so that the study will be able to investigate the current level of available data on inspections, casualties, Port State detentions, physical data and classification etc.
- advise whether members currently employ any marine staff that could potentially be trained and become accredited Ship Inspectors
- express any ship vetting opinion or information/comments that members would like the study to consider.

This questionnaire was circulated to all members and associate members with a request to return completed forms by the end of December 2009. It should be stressed that it is important that these forms are completed and returned as soon as possible in order to complete the study.

If any member should have any difficulty in completing the forms they are urged to contact CITAC for assistance. In the meantime Mr Frankland has advised that all the identified 3rd Parties have been contacted and discussions have been completed or are in progress.

These include:

- Inspection Report System Owners (OCIMF and CDI).
- Third Party Vetting Service (TPVS) Providers.
- Accredited Inspection Companies.
- Vetting IT Specialists.
- Other data providers (casualties, Port State etc.)

An update on the progress of the study will be presented at the next ARA AGM, strating on the 8th of March in Cape Town.

## OiLibya joins the ARA as an AM



The ARA is delighted to announce that the largest independent marketing company in Africa, Oilibya Group has become an Associated Member of the Association.

Oilibya have downstream marketing operations across Africa in Burkina Faso, Cameroon, Chad, Cote d'Ivoire, Djibouti, Egypt, Eritrea, Ethiopia, Gabon, Kenya, Libya, Mali, Morocco, Niger, Reunion, Senegal, Sudan, Tunisia and Uganda.

Mr Joel Dervain, ARA President, said he is particularly pleased that Oilibya had made this decision at the very time that the ARA

was looking to increase its membership away from its core refining base. "All downstream operators - whether refiner, importer, distributor or marketer - share the objectives of the ARA to establish a strong, safe and secure downstream oil industry across Africa at a time when many of the major oil companies are leaving the continent. "We look forward to working with Oilibya to help us achieve these aims."

Mr Muftah Nageh, from Oilibya, echoed these thoughts by stating "the ARA has clearly established itself as the leader in Africa in seeking to share best practices

and establish standards for the African downstream operators.

As Oilibya seeks to expand its footprint in Africa we clearly have to engage with all stakeholders to establish a stable and safe environment around our operations, and it is here that we see that the ARA can play an important role in helping us to propose the highest standards of operation across the continent."