



KEYNOTE ADDRESS

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**AT
THE WORKSHOP ON
NIGERIA – UK SUPPLY CHAIN ENGAGEMENT
BERR CONFERENCE CENTRE, LONDON,
THURSDAY, 30TH APRIL 2009**

Distinguished Ladies and Gentlemen,

Just a week ago, His Excellency, Dr Goodluck Ebele Jonathan, GCON, Vice President of the Federal Republic of Nigeria led a high-powered delegation of Honourable Ministers and State Governors to a conference on investing in Nigeria which was held here in London. I had the privilege and the honour of delivering the welcome address to the conference which attracted participants from the UK private sector, among others.

It, therefore, gives me profound pleasure to be here this morning, to speak on another forum aimed at deliberating on another aspect of the Nigerian economy with a specific focus on supply chain management in the oil and gas sectors. This workshop is particularly timely as Government intensifies the pursuit of the objective of enhancing the local content in the oil and gas sectors, by seeking to forge strong and more effective linkages between the sectors and the wider economy and its people, through backward integration.

Given the strategic importance of oil and gas to the Nigerian economy, it is essential that Government pursues its objectives of increasing local content in these highly-skilled, foreign dominated sectors. This objective is also consistent with the desire on the part of Government to diversify the economy; a task made more imperative and urgent by the current global economic crisis.

Government's local content policy requires that certain percentage of jobs in the nation's oil and gas industry be given to local firms, to ensure local participation of Nigerian companies and the people. This requires the use of local manpower, skills and manufacturing

To achieve this objective, Government has set a target date of 2010 to attain 70% local content. Regrettably, not much has been achieved in this regard. I am however pleased to note that many Nigerian companies have responded positively to this challenge, but a lot more need to happen before the target can be realised. There are fears that this target may not be met because of the current cash and credit crunch and the relatively low-level of skilled manpower, necessary for these critical sectors, despite the pursuit of various capacity training programmes in this sector over the years. The need for new and substantial investments in the sectors, especially by the major oil companies can therefore not be over-emphasised.

Government has also responded to some of these challenges by introducing far-reaching reforms of the structure of the oil and gas sectors, especially the operations of the Nigerian National Petroleum Company (NNPC), to enable it meet the challenges of the present and the future. The main elements of the oil and gas policy reforms include:

- i. Establishment of National Energy Council chaired by Mr President for broad long-term policies on oil and gas sectors.
- ii. National Petroleum Directorate (NPD), to subsume current Ministry of Energy for policy formulation, monitoring and supervision.

- iii. The Nigerian Petroleum Inspectorate (NPI), to subsume the current Department of Petroleum Resources as the technical regulator for upstream and downstream sectors, for regulating, licencing and monitoring.
- iv. The Nigerian National Petroleum Company Limited (NNPC) as a fully integrated oil and gas company for revenue generation, operating as a commercial outfit.
- v. The National Petroleum Research Centre (NPRC) for Research and Development activities and technical service value addition.
- vi. The Petroleum Products Regulatory Authority (PPRA), to take over from the current Petroleum Pricing and Regulatory Authority, as a commercial regulator of downstream, transportation, transmission, distribution and marketing of oil and gas.
- vii. Other parastatals/agencies such as the Petroleum Equalisation Fund, Petroleum Technical Development Fund and Petroleum Training Institute to be retained, funded and strengthened.
- viii. A Draft Petroleum Industry Bill ready for submission to the National Assembly.

As Government proceeds with the implementation of these reforms, oil service and intermediate industries must intensify their commitment and partner with the Government to ensure that the target of local content policy is met as envisaged. There lies the significance of this workshop in assisting Government to realise the objective of its local

content policy, while transferring the much-needed technology into these critical sectors of the economy. I am confident that, with the resilience of the Nigerian economy based on solid fundamentals, including the relative strength of the recapitalised banks in Nigeria, despite the current financial meltdown, Government's overall objectives of reform in the oil and gas sectors will be realised.

In this connection, I urge local banks in Nigeria, to consider lending to local oil companies, for long-term projects in this and other sectors as a way of priming the economy, to enable it cope better with the global economic crisis and beyond into the future.

Distinguished Ladies and Gentlemen,

Let me end by thanking the organisers of this workshop, for focusing on an area of critical importance to the Nigerian economy and our future. I would like to assure you that Government will continue with the implementation of its oil and gas policy reforms, with a view to injecting greater local content, while adding greater value to the supply chain in the industry. The liberalisation of this sector will also continue, so that Government can redirect the much-needed but scarce resources to the building of basic infrastructure, promoting jobs and creating wealth for the people, using the Seven-Point agenda as the roadmap for making Nigeria one of the top twenty developed economies by the year 2020.

I thank you for your attention.