

## THE PETROLEUM INDUSTRY IN TANZANIA



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## BACKGROUND

Tanzania is a net importer of petroleum products. Petroleum products supply in Tanzania has been conducted through a Bulk Procurement System (BPS) since 2011. Under the BPS, purchases of petroleum products are made from a pool of imports obtained from suppliers selected through a competitive bidding process. The BPS covers the following grades of petroleum products: Automotive Gas Oil (AGO), Unleaded Motor Spirit Premium (MSP), Jet A-1, and Illuminating Kerosene (IK).

In 2018, Tanzania **imported \$1.77B in Refined Petroleum**, becoming the 75th largest importer of Refined Petroleum in the world. The same year, Refined Petroleum was the 1st most imported product in Tanzania. Tanzania imports Refined Petroleum primarily from: India , United Arab Emirates , Saudi Arabia , Switzerland , and Oman.

The fastest growing import markets in Refined Petroleum for Tanzania between 2017 and 2018 were India (\$278M), United Arab Emirates (\$251M), and Saudi Arabia (\$40.1M). See Figure 1 below.

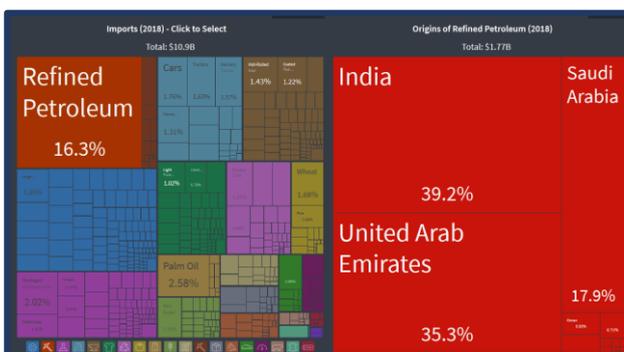


Figure 1: Graphic showing petroleum import figures - © <https://oec.world/en/profile/country/tza>

Fuel prices have a big effect on inflation and the local currency in East Africa's second-biggest economy, which relies on oil imports for transport and power generation.

Dar es Salaam port is the main entry point of petroleum products with 99% of all imports, while the remaining 1% enters Tanzania through the Kenyan border with Sirari. Tanzania has transformed its bulk procurement system for petroleum products into a single product tendering system.

*This means that local companies, some of whom have been complaining of being locked out due to heavy financial requirements, can now participate," says the Energy and Water utilities Regulatory Authority (EWURA) director general, Felix Ngamlagosi.*

Tanzania introduced the Bulk Procurement System (BPS) in January 2012, establishing a database on consumption trends in a bid to get the best price on the world market and guarantee quality of imported products.

The Petroleum Bulk Procurement Agency (PBPA), prequalifies suppliers eligible to participate in tenders for the supply of petroleum products in Tanzania mainland annually. At the beginning of every month, PBPA circulates a notice to oil marketing companies requesting product requirements from the start of the second month from the PBPA notice.

PBPA consolidates all the requirements and prepares a tender document indicating the specific quantity of diesel, petrol, Jet A1 and kerosene to be supplied by the winning bidder.

## WHO ARE THE MAIN ACTORS IN THE TANZANIAN PETROLEUM INDUSTRY?

### The Petroleum Upstream Regulatory Authority (PURA);

PURA is the regulatory authority established under Section 11 of the Petroleum Act, 2015 with the mandate to regulate and monitor petroleum upstream operations in mainland Tanzania and providing advisory services to the Government and the Minister responsible for petroleum affairs.

### Tanzania Ports Authority (TPA)

TPA operates a system of ports serving the Tanzania hinterland and the landlocked countries of Malawi, Zimbabwe, Zambia, Democratic Republic of Congo (DRC), Burundi, Rwanda and Uganda.

### Port of Dar Es Salaam

Dar es Salaam port is the Tanzania principal port with a rated capacity of 4.1 million (dwt) dry cargo and 6.0 million (dwt) bulk liquid cargo. The Port has a total quay length of about 2,600 metres with eleven deep-water berths. Dar es Salaam port handles about 95% of the Tanzania international trade. The port serves the landlocked countries of Malawi, Zambia, Democratic Republic of Congo, Burundi, Rwanda and Uganda. See Figure 2.



Figure 2: Port of Dar Es Salaam

### Oil Terminal

There are two oil terminals at the port; the Single Point Mooring (SPM) and Kurasini Oil Jetty (KOJ).

The SPM is an offshore tanker berth for handling accommodate tankers of up to 150,000 deadweight tons with fast discharge speed (flow rate of 2,500 cubic meters per hour for crude oil). SPM is connected to refineries in Dar es Salaam and Ndola, Zambia through floating hoses and submarines pipes. KOJ is the tanker jetty for handling refined oil products with pumping capacity of 750 tons per hour. It can handle tankers up to 45,000 deadweights.

### The Energy and Water Utilities Regulatory Authority (EWURA)

The Authority is mandated to regulate the Mid and Downstream petroleum sub-sector in Tanzania Mainland, covering technical, economic and safety regulatory functions.

EWURA protects the interests of consumers, efficient suppliers and the government, which together are key Authority's stakeholders.

They provide quality and cost effective petroleum products through coordination and management of Bulk Procurement System to ensure reliability and security of supply and contribute to the sustainable socio-economic and national development.

### Tanzania Petroleum Development Corporation (TPDC)

Tanzania Petroleum Development Corporation (TPDC) is the National Oil Company of Tanzania through which the Ministry of Energy and Minerals implements its petroleum exploration and development policies.

Their mission is to become the leading integrated National Oil and Gas Company competing nationally, regionally and globally in an environmentally responsible manner to the benefit of all stakeholders.

To achieve this the TPDC hope to participate and engage in the exploration, development, production and distribution of oil and gas and related services; facilitate a fair trading environment; safeguard the national supply of petroleum products; at the same time developing quality and safety standards to protect people, property and the environment.

### **Petroleum Bulk Procurement Agency (PBPA)**

PBPA is a Government Agency mandated to administer and manage the importation of petroleum products in the country.

The PBPA coordinate and manage efficient procurement of petroleum products through Bulk Procurement System (BPS).

Quality and cost effective petroleum products are provided through the coordination and management of Bulk Procurement System ensuring reliability and security of supply and contribute to the sustainable socio-economic and national development.

### **WHO ARE THE PETROLEUM AND PETROLEUM PRODUCT IMPORTERS IN TANZANIA?**

- 1.1 Puma Energy Tanzania;
- 1.2 Oryx Energies;
- 1.3 Camel Oil Group;
- 1.4 Total in Tanzania;
- 1.5 Moil Limited, Gapco;
- 1.6 Oilcom;
- 1.7 Lake Oil Group.

### **TRANSPORTATION TO LANDLOCKED COUNTRIES**

#### **Zambia – Tanzania Pipeline Upgrades**

Tazama, the 1,710 km (1,063 mi) long crude oil pipeline from the port of Dar es Salaam, Tanzania, to the Indeni Petroleum Refinery in Ndola, Zambia, is seeking USD 400 million for its upgrade.

The pipeline, which is owned by the government of Zambia (66.7%) and that of Tanzania (33.3%), was installed in 1968.

With the financing, the company intends to upgrade the entire pipeline to a diameter of 12 inches, thus increasing the capacity of the pipeline to 1.1 billion litres a day.

#### **Uganda - Tanzania Pipeline Upgrades**

In May 2020, it was announced that the construction of a crude oil pipeline would take place from Hoima in Uganda to Tanga in Tanzania IN April 2021.

The pipeline will be 1,445Km long and will cost \$3.5 billion an environmental audit has been completed and communities close to the pipeline will be compensated.

The Minister of Energy said the project is still waiting for a final investment decision and the priority now is to complete the host government agreements (HGA), a shareholders' agreement (SHA), a land lease agreement (LLA) and a port agreement (PA).

### **VALLIS IN TANZANIA**

Vallis have been operating in Tanzania since 2015, performing the following services:

- **Marine and Cargo Surveying**
- **Stock Management**
- **Audits and Inspections**
- **Sampling and Analysis**
- **Supply Chain Assurance Services**

Please feel free to contact Vallis should you have any operational requirements.

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