

Demand & Supply Trends for Refined Products in Sub-Saharan Africa

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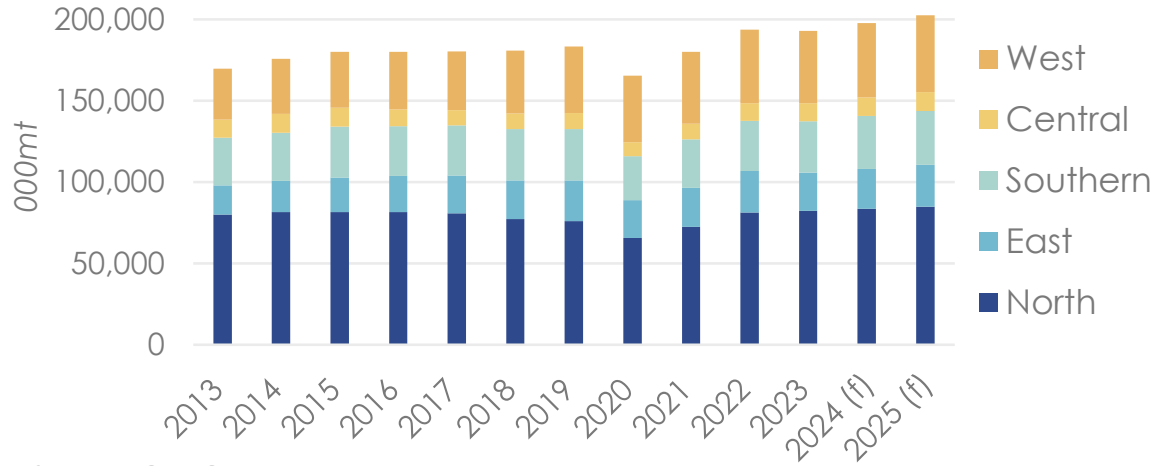
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African oil demand in 2023-2024



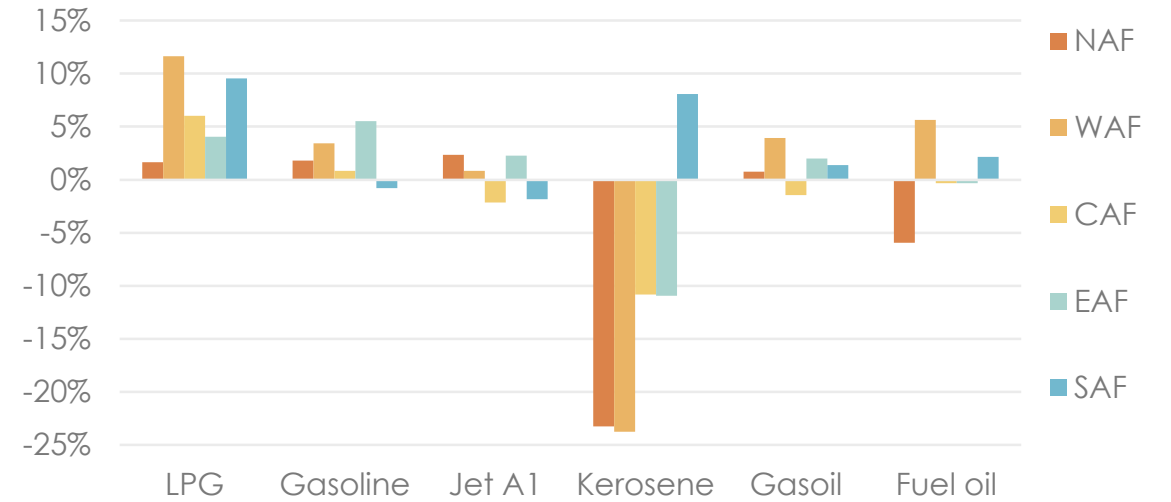
African oil products demand



Source: CITAC



Products growth rate: CAGR 2014-2023



Oil demand dropped in 2023

- African demand dropped marginally by -0.4% y/y in 2023 (vs +7.6% y/y in 2022) to 193mn mt (4.2mn b/d); 2024 growth expected to recover slowly at +1.9% y/y

- North Africa: +1.0% y/y in 2023 to 82.2mn mt (1.8mn b/d), with diverging product trends. Demand expected to grow at around 1% y/y from 2024 onwards
- Sub-Saharan Africa down -1.4% y/y in 2023 to 111mn mt (2.4mn b/d) due to developments in Nigeria and Sudan. 2024 demand growth expected grow slowly at 2.1% y/y

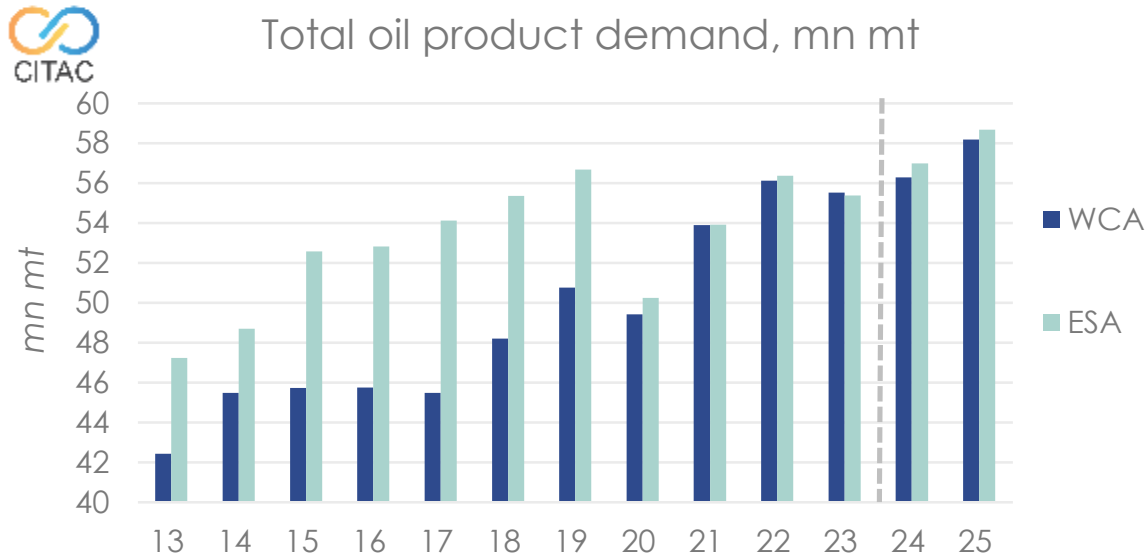
SSA demand

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SSA balances

Outlook and ET trends

SSA demand trends



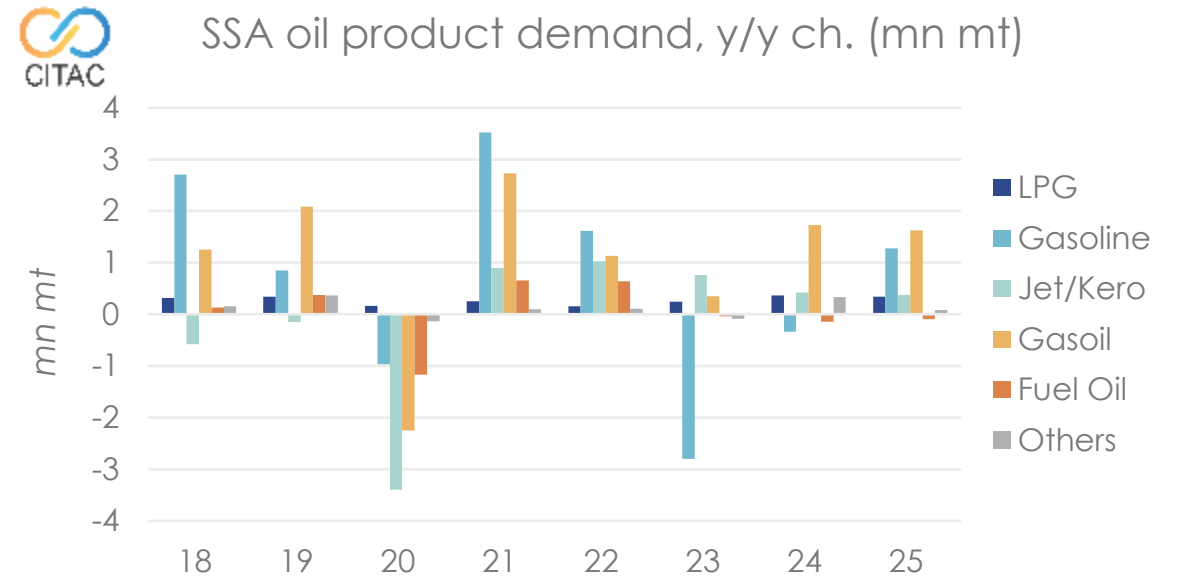
Source: CITAC

Regional demand in absolute terms:

- WCA closing the demand gap with ESA
- WCA demand to surpass ESA in around 2030

In percentage terms:

- In 2024, ESA expected to show demand growth of +2.9 %, while WCA is expected to grow by just 1.4%.



Source: CITAC

Product growth in absolute terms:

- In absolute terms, gasoil is expected to experience the largest y/y growth (+1.7mn mt)

Product growth in % terms:

- LPG (+7.1% y/y) and jet fuel (+5.6%) to experience the strongest % growth
- Gasoline demand to drop by -0.9% y/y

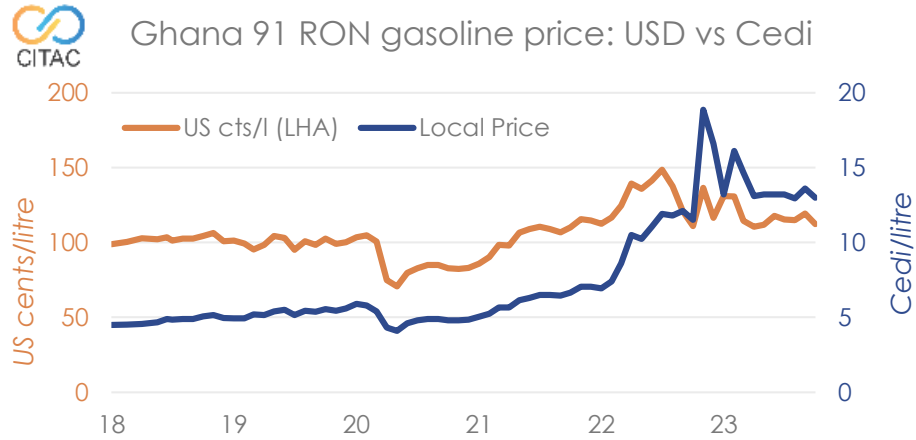
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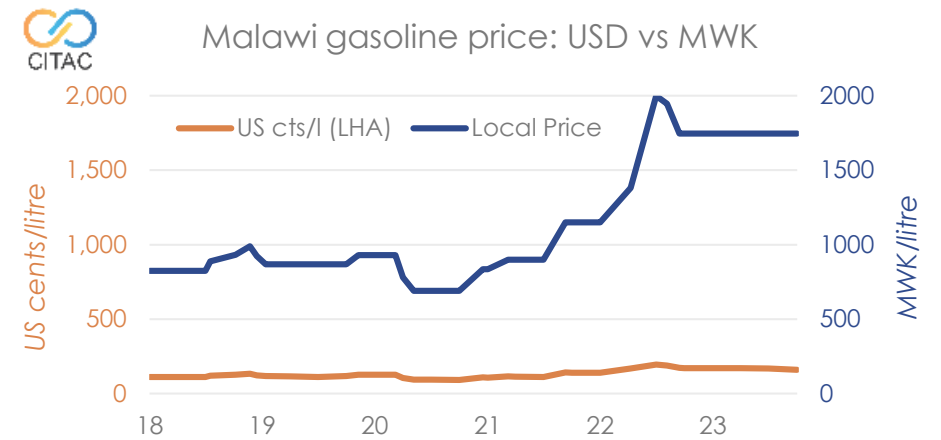
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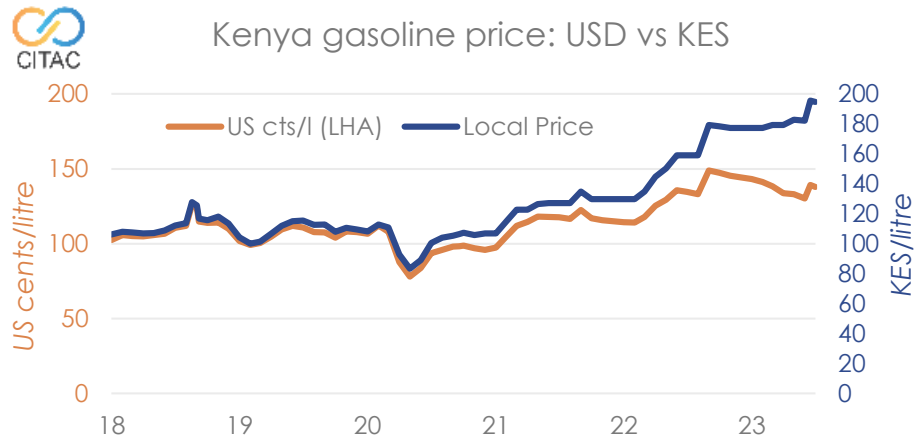
Price trends



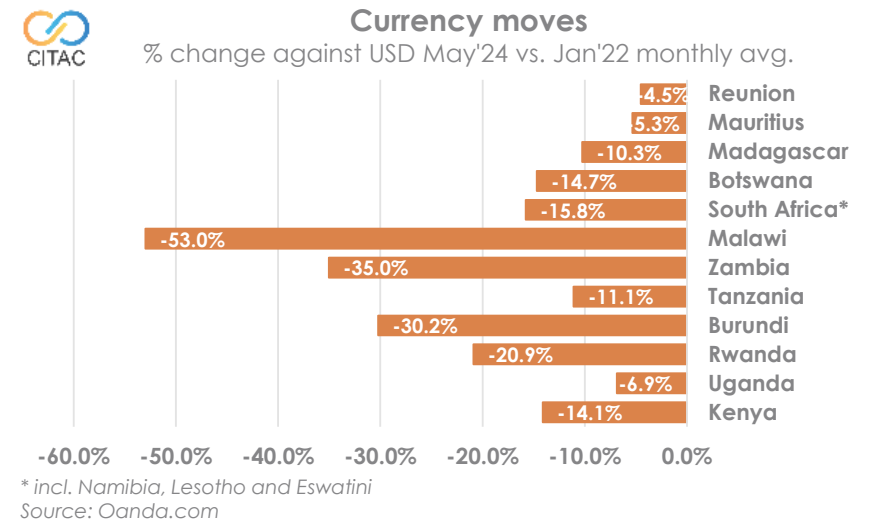
Source: CITAC ADD+



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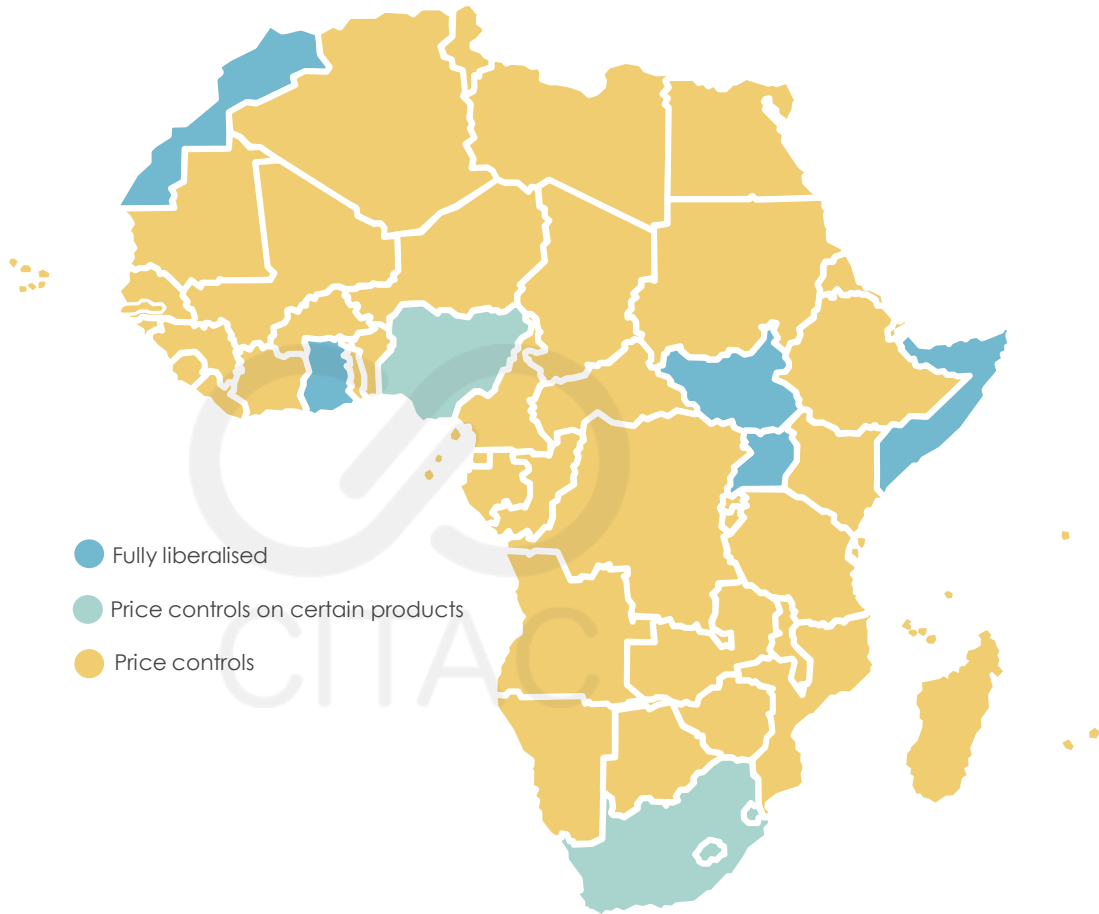
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Price structures: context

Africa price regimes



- Prices are regulated in most countries
- Regulation differs by product
- Rationale:
 - Sensitive products
 - Monopolistic situations
 - Under-recovery calculations
- Hence the regulator determines what constitutes a reasonable allowance/margin for each activity in the supply chain

Price structures – characteristics:

- Structures are generally divided into two parts:
 - Import parity price
 - Downstream structure
- There are large variations in terms of:
 - Products covered
 - Frequency of revision
 - Level of aggregation
 - Level of transparency
 - The number of components
- Downstream structures vary significantly

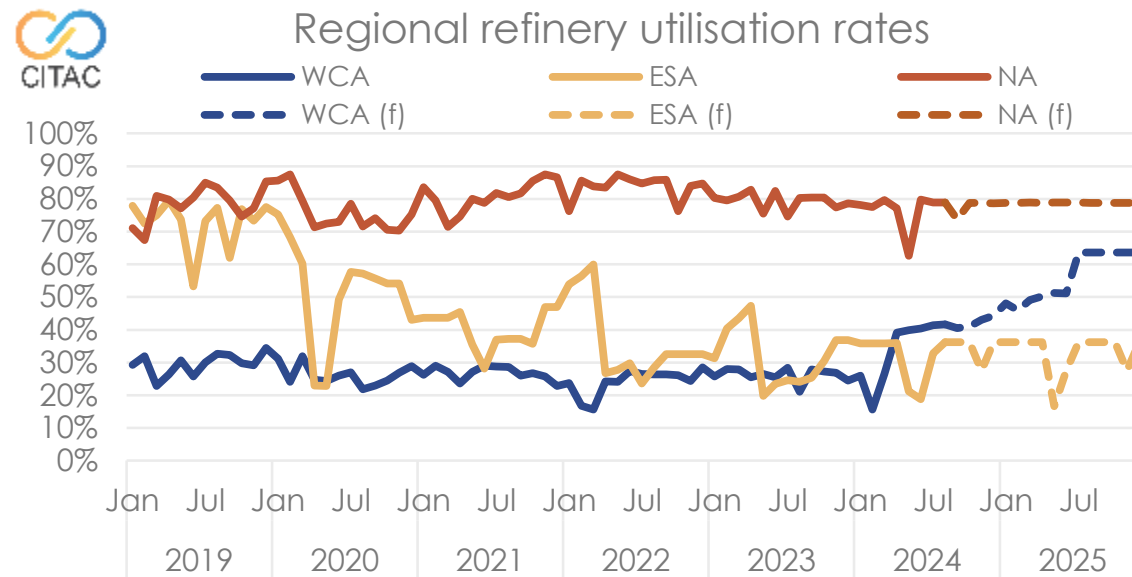
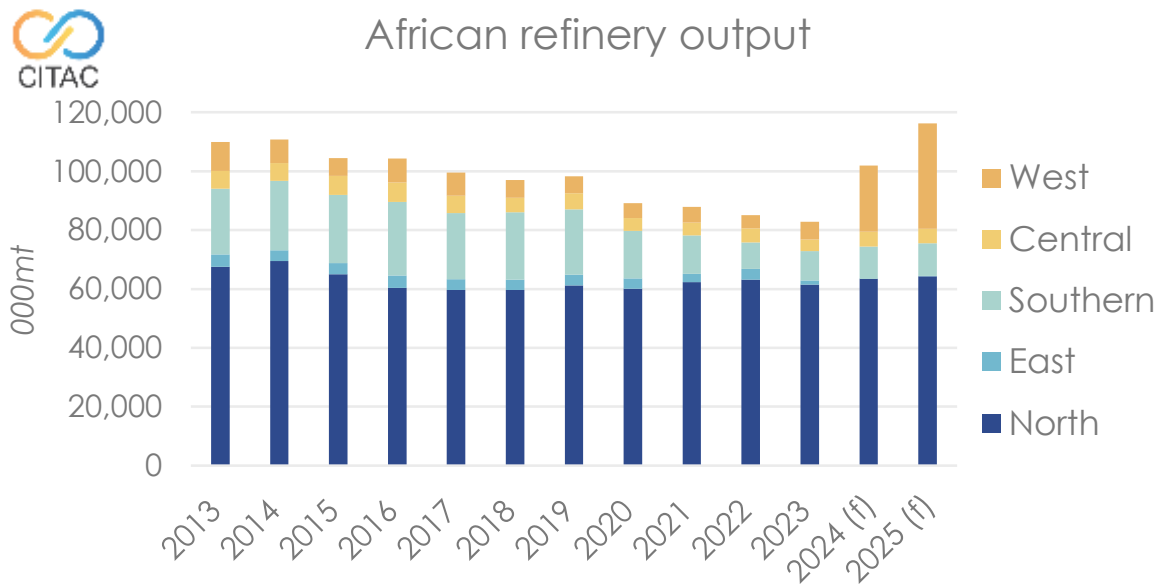
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Refinery operations challenged



Revival of refining in Sub-Saharan Africa

- SSA refinery throughput fell below 400 kb/d in August 2023 and averaged 470 kb/d in 2023.
- Before doubling in 2024...

North African refinery throughput remains stable

- Average utilisation rates in the region around 80% in both 2023 and forecast 2024

For the first time in over a decade, new refining capacity coming on stream:

- Dangote refinery, Nigeria: 650,000 b/d, Q1 2024
- Sentuo refinery, Ghana: 40,000 b/d, Q4 2023
- + Cabinda refinery, Angola: 30,000 b/d (Phase 1), Egypt refinery expansions, etc.

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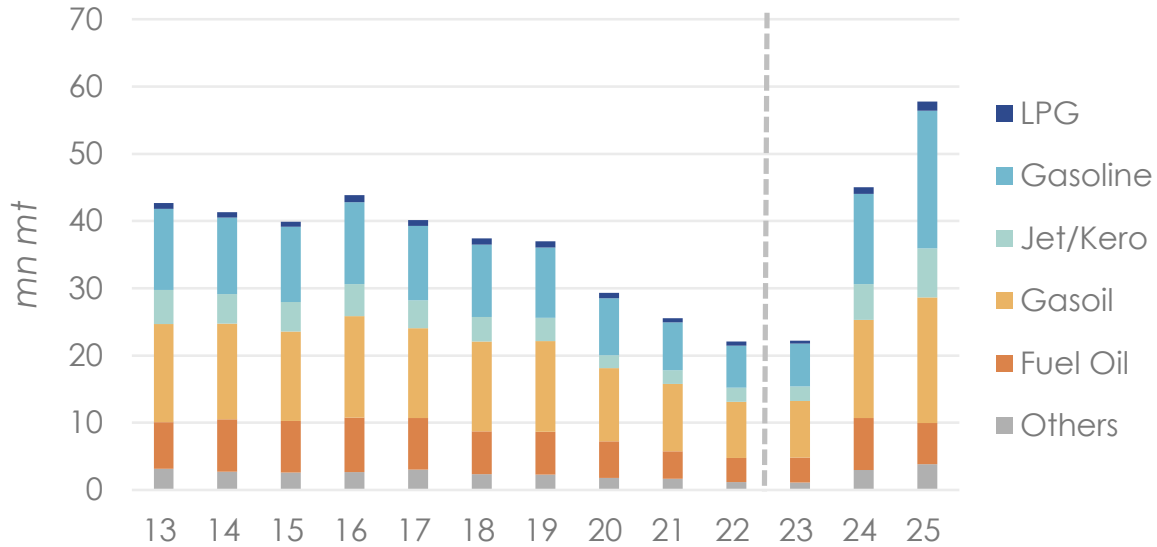
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Revival of refining in SSA



SSA refinery output (mn mt)



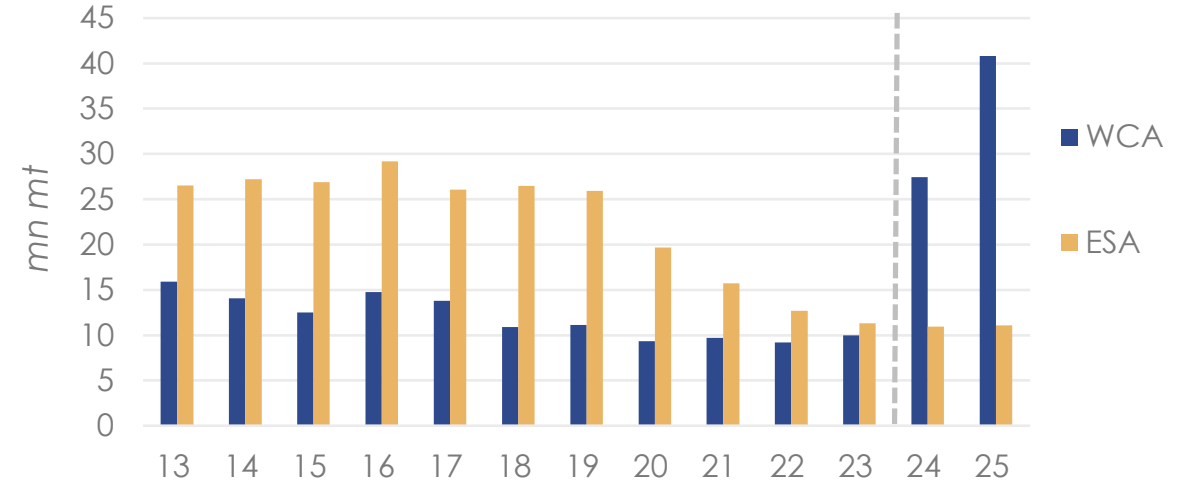
Source: CITAC

Impressive surge in production

- SSA refinery throughput fell below 400 kb/d in August 2023.
- Production is expected to average 470 kb/d in 2023.
- Before doubling in 2024...



Refinery output, mn mt



Source: CITAC

Gloomy prospects for ESA refining

- CITAC expects stable production in ESA, but further refinery closures are possible.
- The future of KRC and El Obeid is uncertain.

Stronger outlook for WCA

- Refining in SSA is dominated by Nigeria (timelines uncertain).
- The future of refining in other regions is limited.

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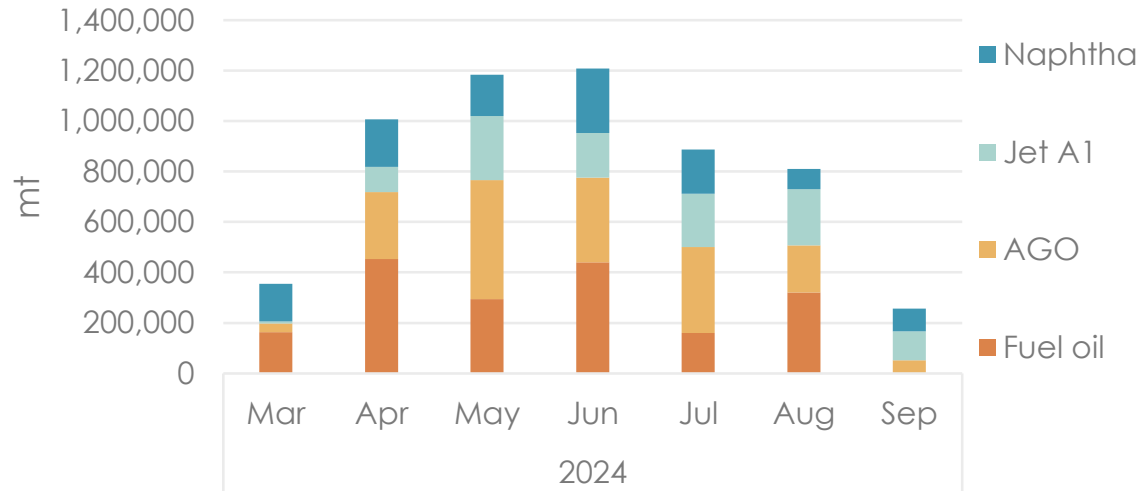
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Dangote: a new trading dynamic



Dangote seaborne loadings



Source: CITAC

Dangote poised to radically reshape flows

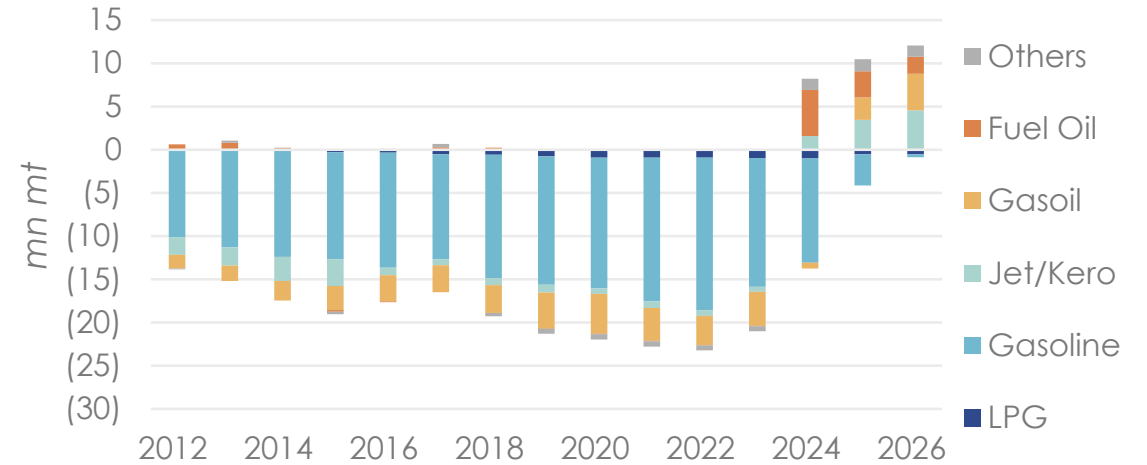
- Dangote refinery starting up in phases: CDU, HCK, NHT, Platformer. Reformer started up in September 2024
- Fuel and naphtha, along with Jet A1 and gasoil, have been exported

Next steps:

- Startup of the isomerisation unit and RFCC/Alkylation
- Technical challenges have limited HCK operation and delayed startup of gasoline block



Nigeria balance



Source: CITAC

Challenges:

- Financing a major challenge as margins weak/negative
- Appetite for government support limited: NNPC's promises of crude deliveries have not materialised
- Cut in gasoline subsidy and tightening of specs helping to improve economic outlook for plant

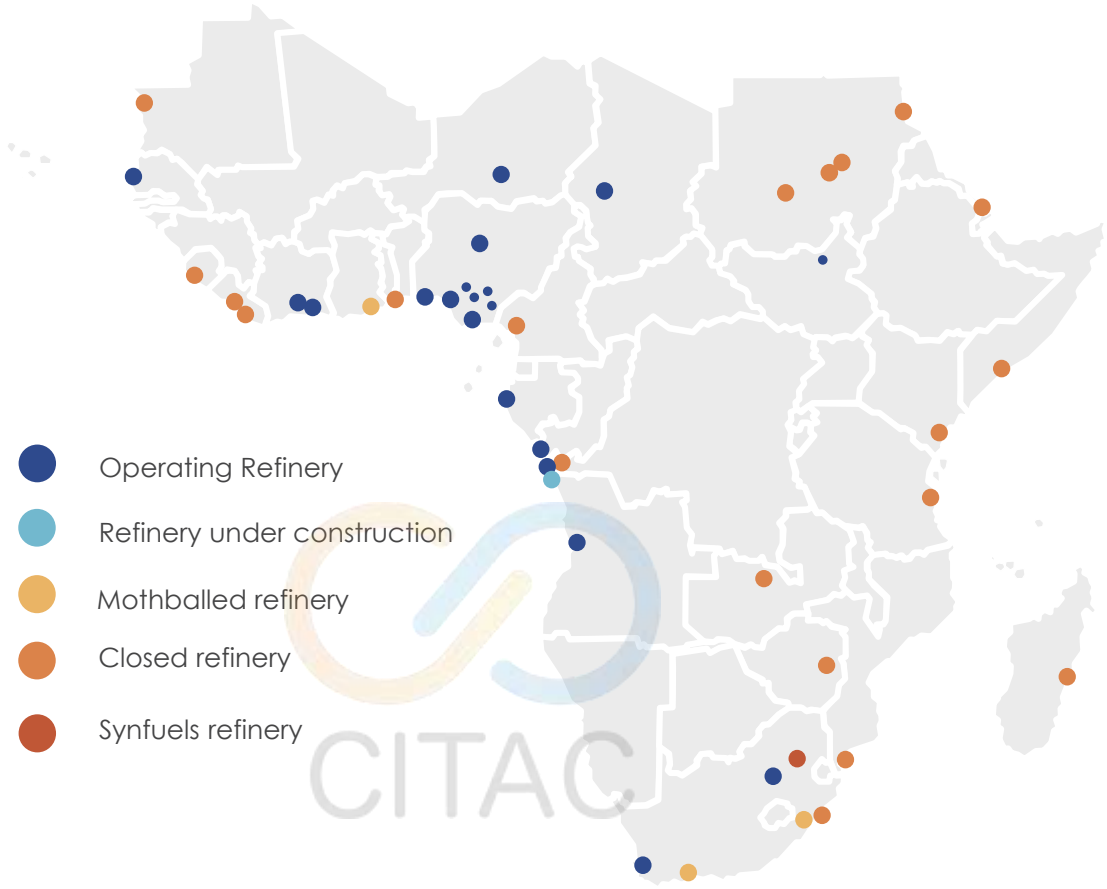
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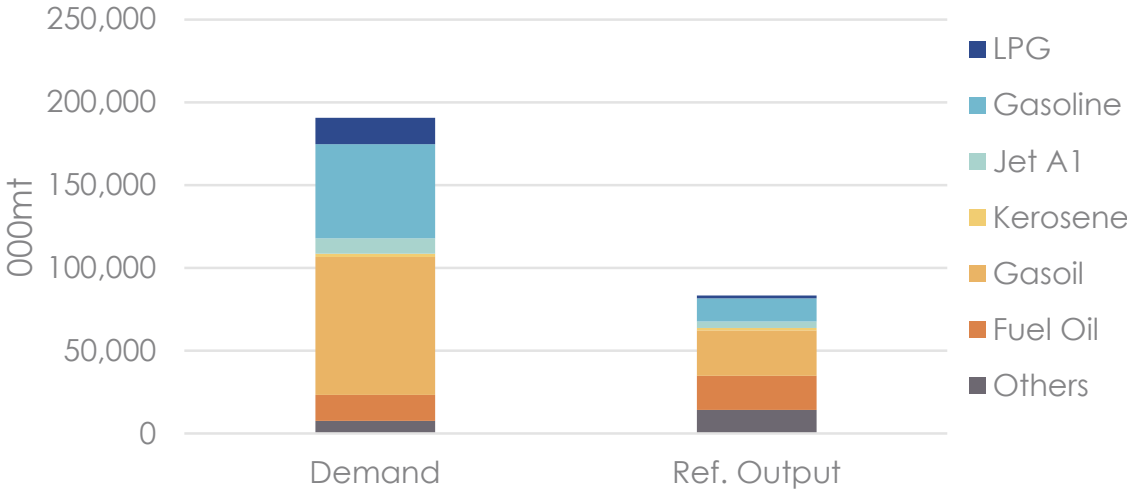
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How refinery projects are reshaping trade flows in SSA



African oil demand vs. refinery output 2023



The Dangote effect:

Gasoline

- Substantial reduction in gasoline flows from Europe
- Increased pressure on European refiners

Gasoil

- In 2026, Nigeria is forecast to have a gasoil surplus of 4.8mn mt (including the small modular refineries)
- It remains to be seen whether the surplus will be exported outside of Africa (better quality than regional specifications)

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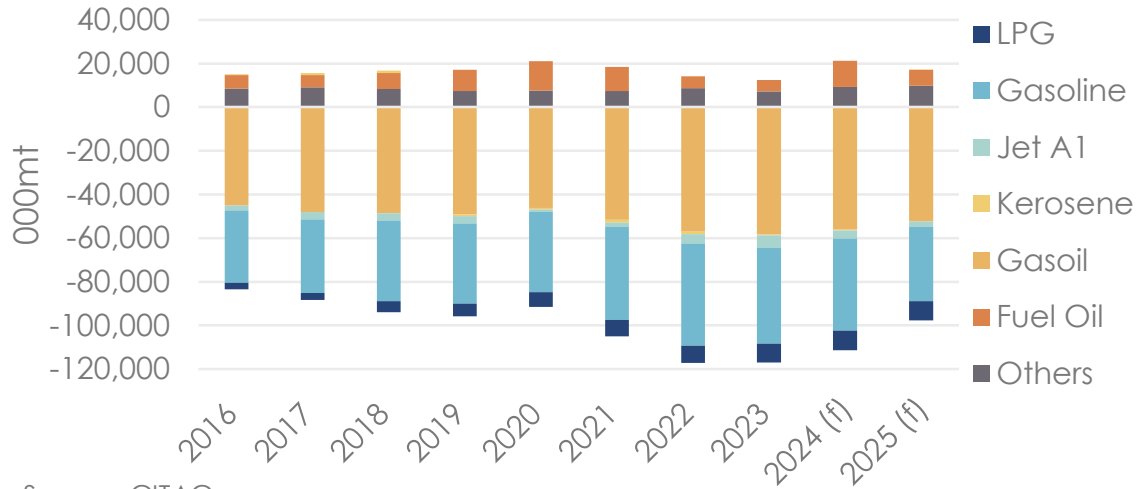
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African net balances & import requirements



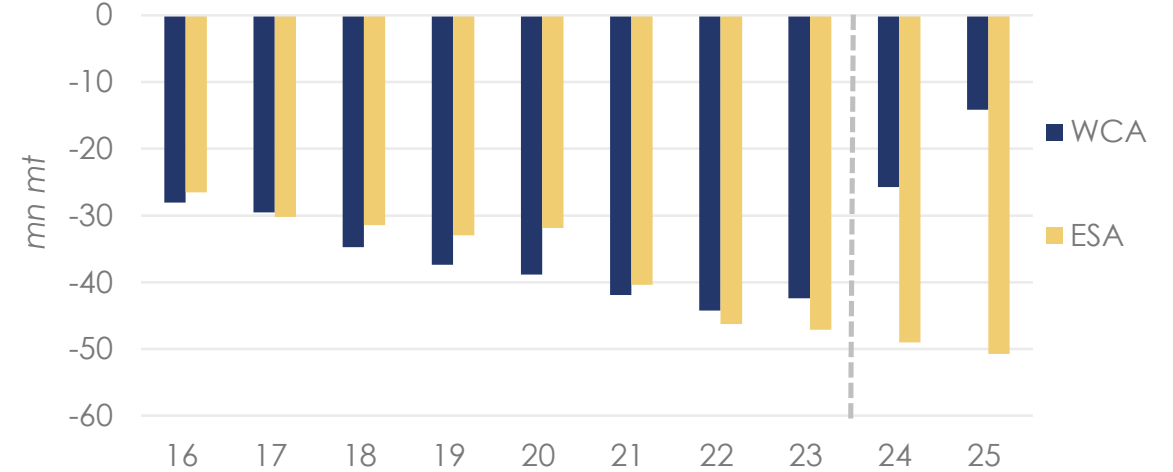
Africa net product balances



Source: CITAC



Clean products short by region (mn mt)



Source: CITAC

- Net African clean products supply shortfall to drop as a result of new refining capacity coming on stream.
- Gasoline is the most affected product.
- The collapse in ESA refining activity since 2020 has opened up a new major imports destination

- SSA net import requirements (all products combined) expected to narrow by 18mn mt to 71mn mt in 2024, following Dangote start-up.
- Source of products/imports changing as geopolitics change

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Continued investment in storage terminals



Bargny Sendou terminal in August 2024 (source: CITAC)



Mahathi storage terminal and jetty (source: CITAC)



Somgas LPG terminal in Berbera (source: CBA)



Terminal Barra do Dande (source: Odebrecht)

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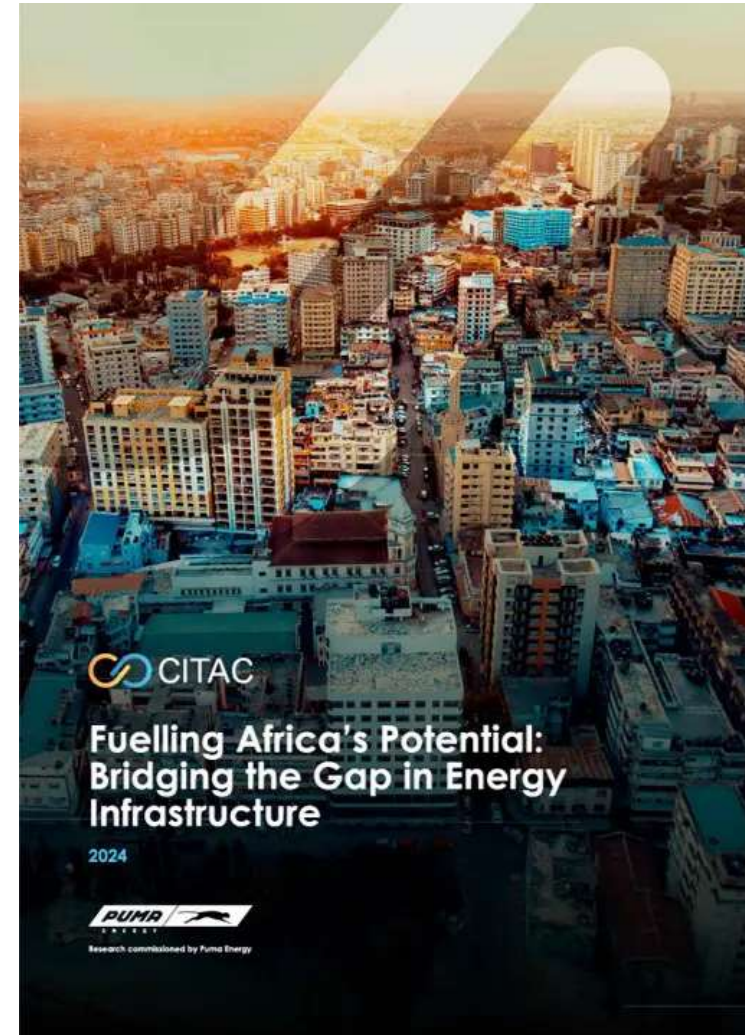
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Bridging the gap in energy infrastructure

- In conjunction with Puma, CITAC recently analysed the infrastructural realities of meeting Africa's strong demand growth, with particular emphasis on key east/southern supply chains.
- Africa's port, discharge and evacuation infrastructure is characterised by:
 - Shallow drafts
 - Congested berths
 - Small tanks
 - Slow gate-to-gate truck times
 - A huge reliance on road transport
 - Full or near-full utilisation of pipelines (where they exist)
 - Single points of failure (in some cases)
- These realities result in:
 - Higher prices to the end consumer
 - Stockouts and business interruption
 - Lost productivity
 - Pollution
 - Road traffic accidents
- The paper also drew attention to the differences between Africa and advanced economies when it comes to discharging and moving product.



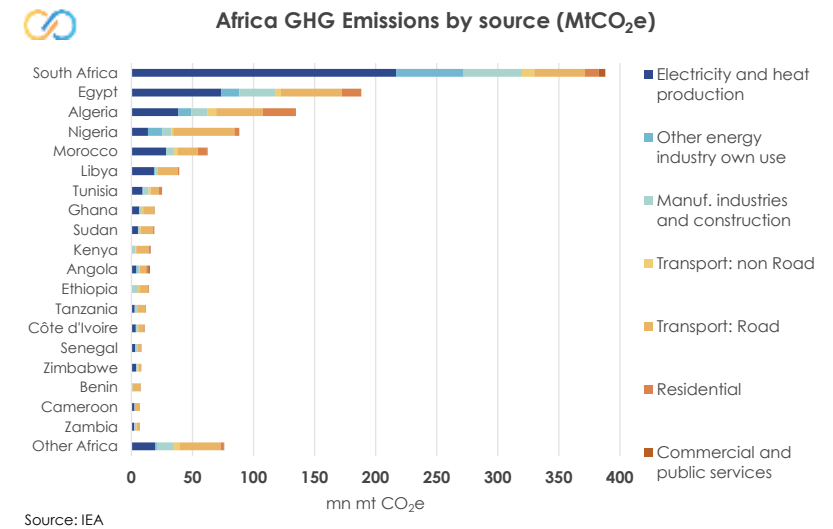
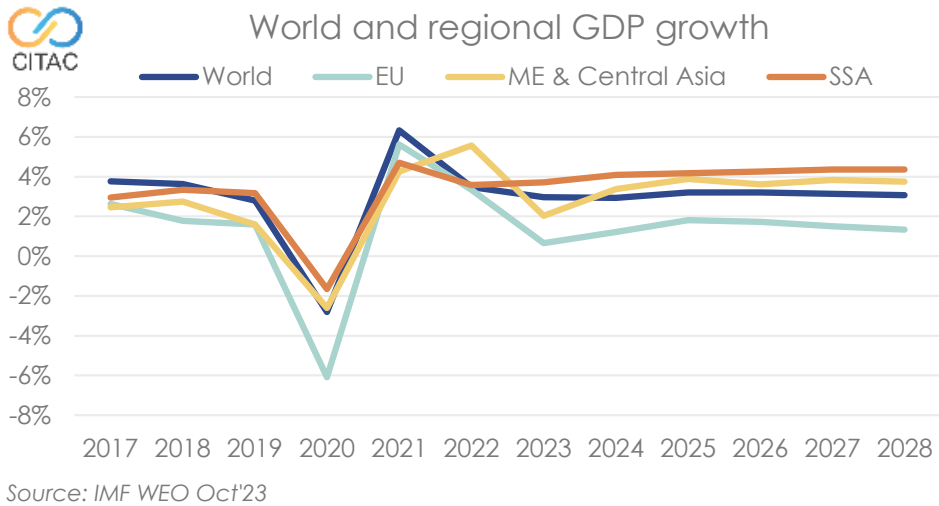
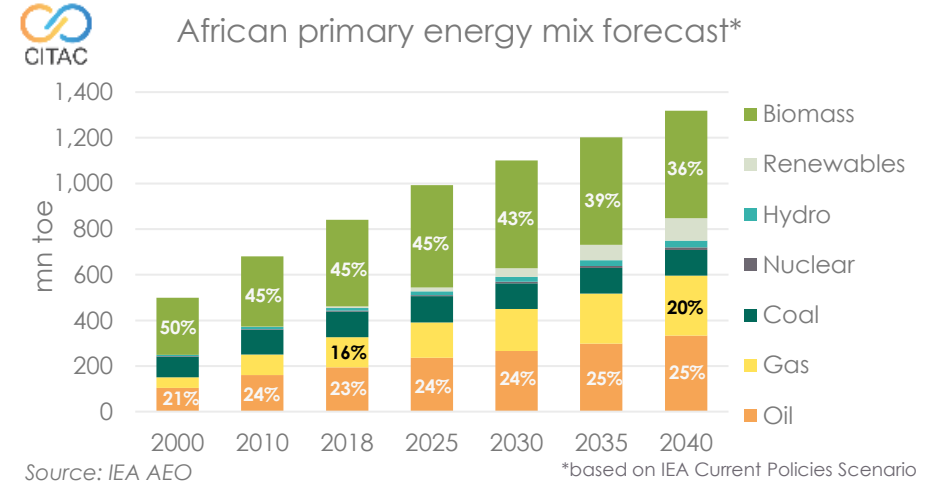
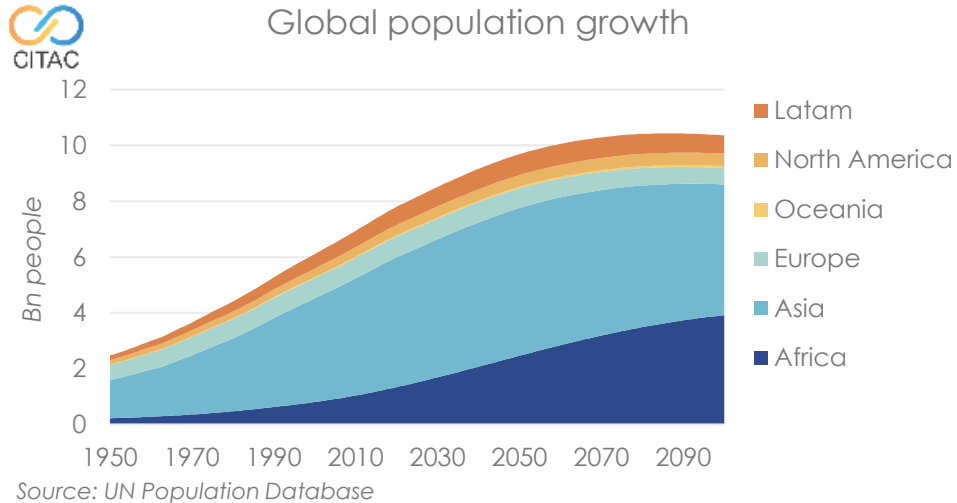
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Factors impacting the outlook for Africa's oil demand



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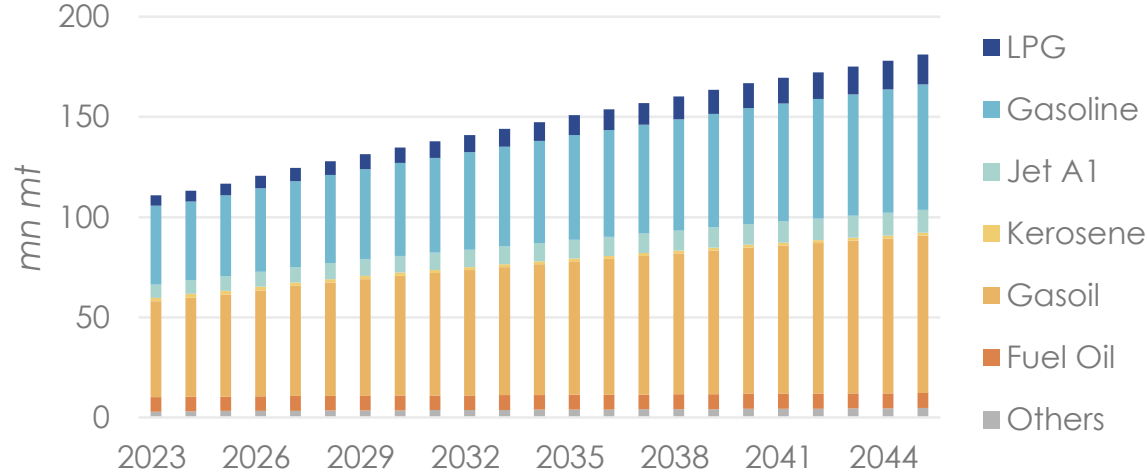
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Africa demand forecast to 2045



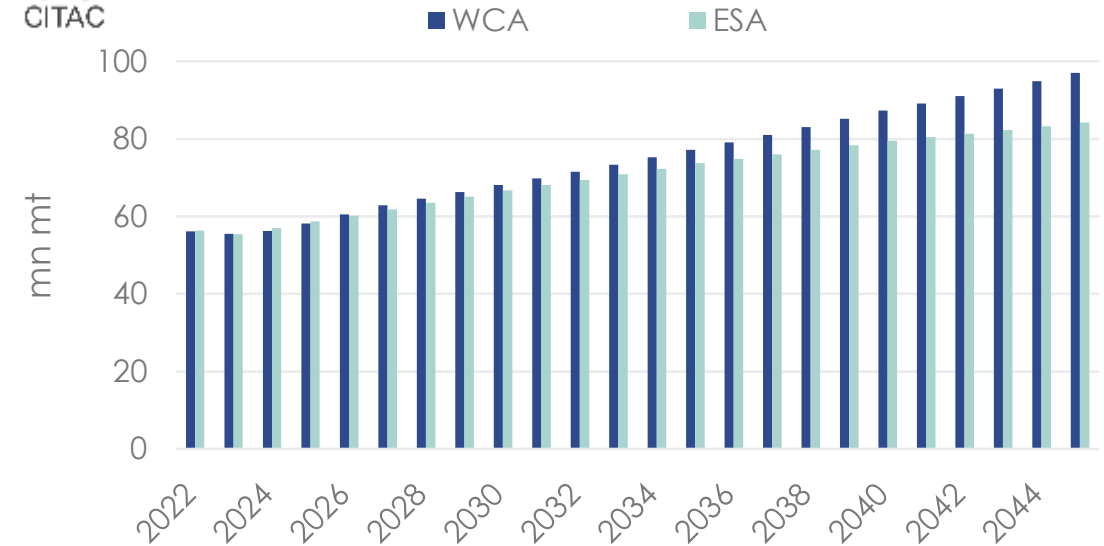
SSA demand forecast



Source: CITAC



SSA demand forecast by region



Outlook for demand in SSA

- Overall demand expected to reach 181mn mt by 2045, growing by 71mn mt (64%) from 2023 levels

Demand growth by region

- Demand in the WCA region is expected to increase faster than in ESA in absolute terms (+42mn mt vs. +29mn mt) and in percentage terms (+75% vs. +53%).

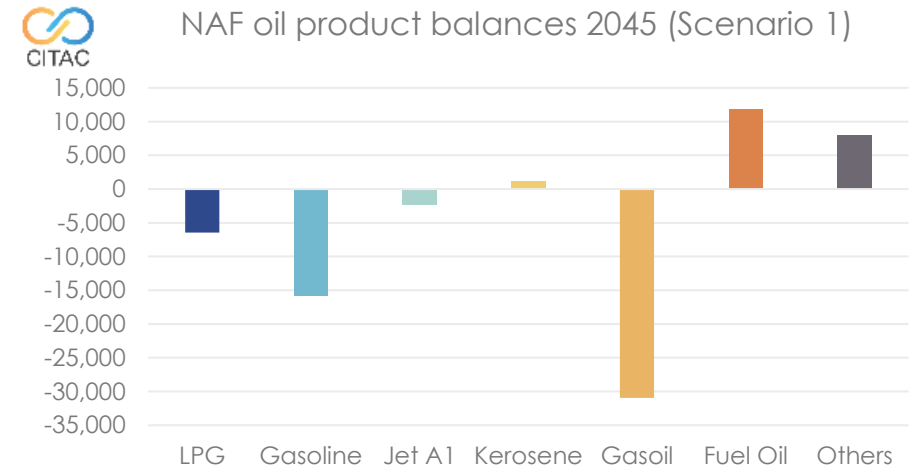
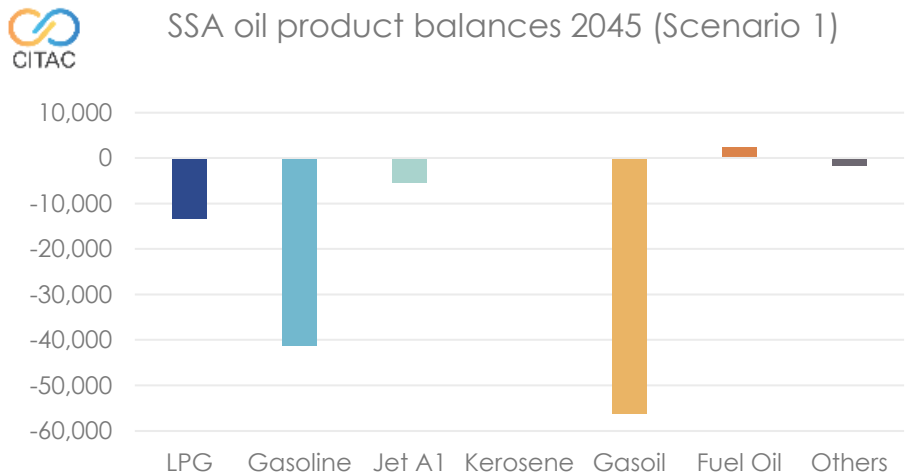
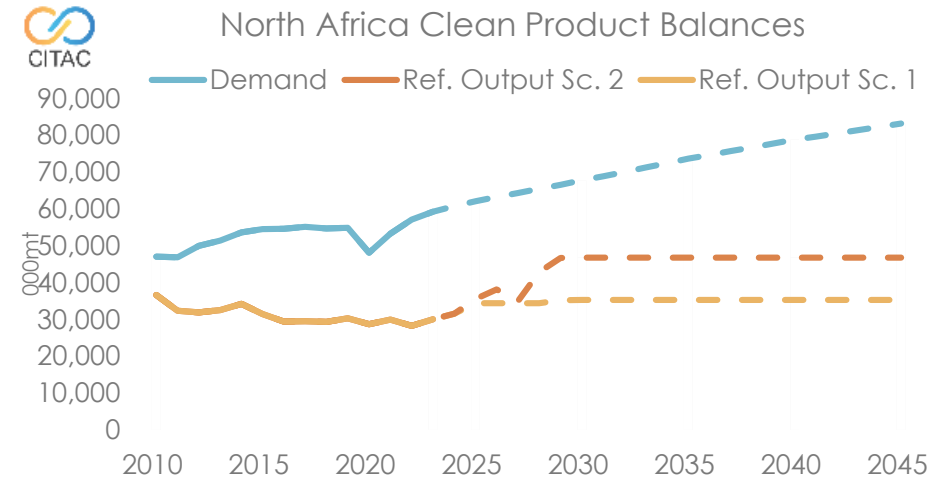
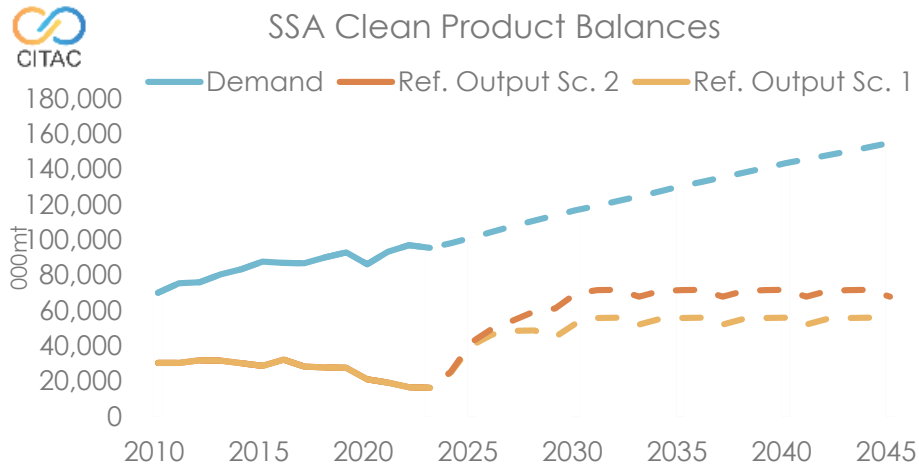
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Long-term outlook for net balances in Africa



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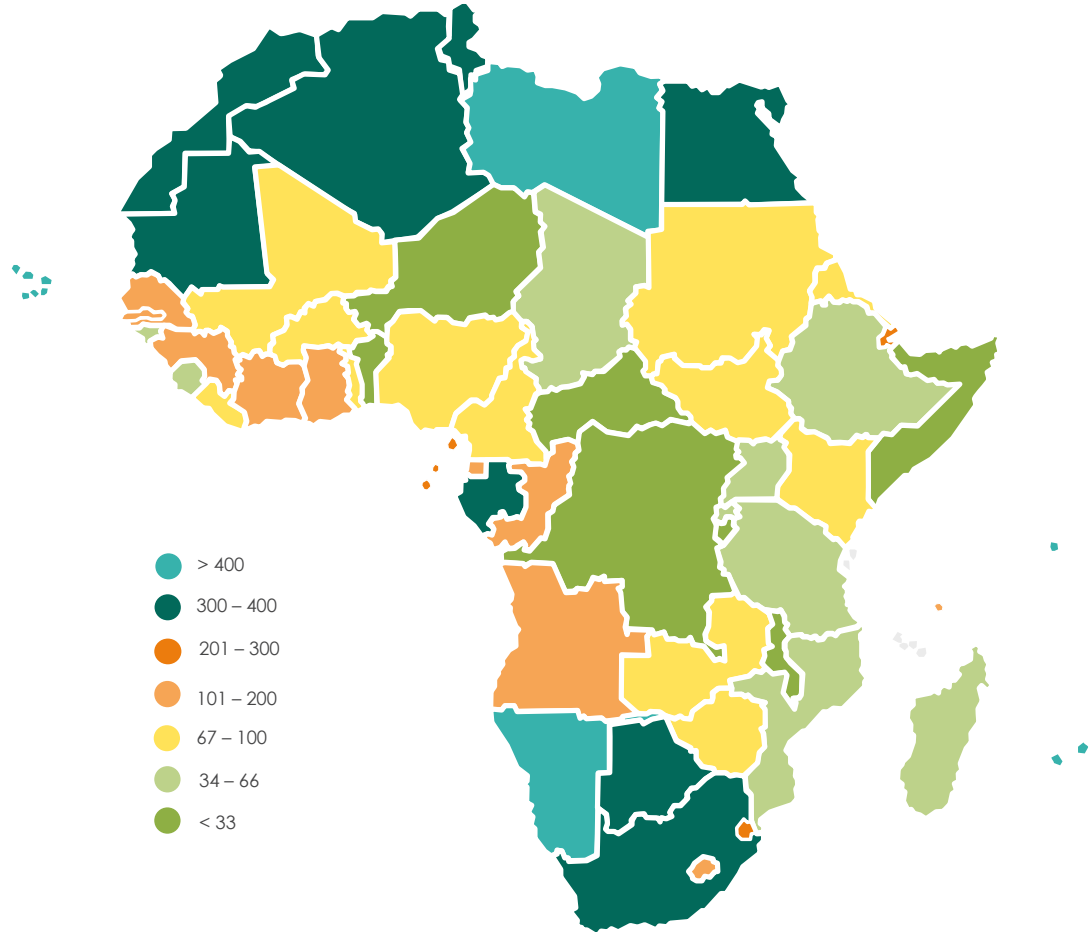
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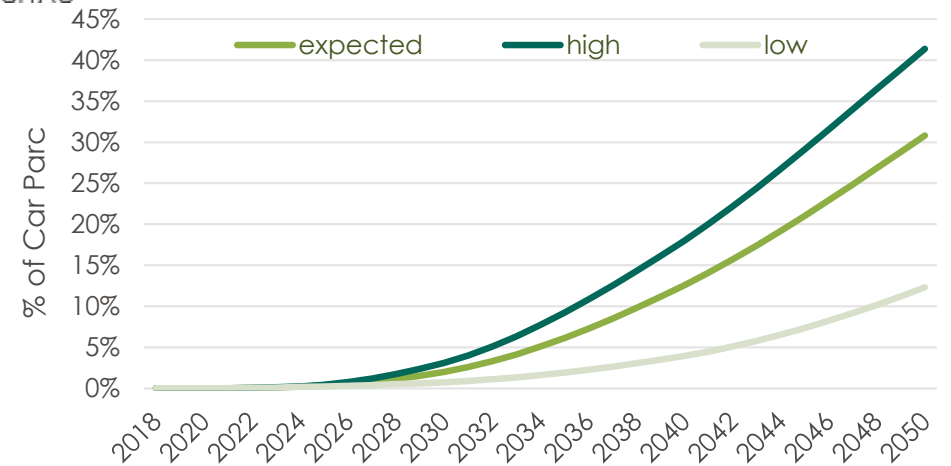
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Energy transition trends that impact oil products demand

Per capita oil consumption
(kg per person)



NEV Penetration forecast - South Africa



Source: CITAC



Key Model Assumptions

	low	expected	high
Growth of NCS	1.0%	3.0%	4.0%
% De-registered	3.0%	3.0%	3.0%
NEV % of NCS - 2023	1.3%	1.5%	1.6%
NEV % of NCS - 2025	2.4%	4.2%	6.4%
NEV % of NCS - 2030	3.0%	8.3%	13.3%
NEV % of NCS - 2040	10.0%	30.0%	40.0%
NEV % of NCS - 2050	30.0%	50.0%	60.0%

Source: CITAC

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Thank you

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