

Nigeria Oil And Gas Downstream - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

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Report description:

The Nigeria Oil And Gas Downstream Market size is estimated at 1.14 Million barrels per day in 2024, and is expected to reach 1.36 Million barrels per day by 2029, growing at a CAGR of 3.5% during the forecast period (2024-2029).

Due to regional lockdowns and a decline in demand for refined petroleum products, the COVID-19 outbreak had a negative effect on the market. Currently, the market has rebounded to pre-pandemic levels.

Key Highlights

- The government's strong desire to have a well-established domestic refining industry will be one factor driving the market during the forecast period. At the moment, Nigeria imports almost all of its petroleum products because major refineries are having trouble keeping up with maintenance. Also, the upcoming refinery capacity expansion projects can steer the growth.
- However, the fluctuating price of crude oil may impede the development of the downstream sector.
- The popular idea of modular refineries can be a great way to deal with sudden changes in product demand and can also be set up quickly. Nigeria's huge oil reserves assure a sustainable supply of crude oil for refining input.

Nigeria Oil & Gas Downstream Market Trends

Refining Segment Expected to Dominate the Market

- The refining segment will likely be the biggest market segment during the forecast period as Nigeria's refining industry needs to

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grow a lot to keep up with the fast-growing demand for petroleum products.

- In Q3 of 2022, the country produced 1.2 million barrels daily, and the oil was refined for consumption. However, the capacity is not enough to meet the country's demand. According to the Nigerian National Petroleum Corporation (NNPC), Nigeria's demand for petroleum products is expected to grow by 14.6% in 2025 to 17.3 million metric tons. Thus, new refining projects are lined up to fill these loopholes in the demand-supply scenario and to reduce imports.
- Nigeria is trying to crank up its aging and unprofitable crude-processing plants. The absence of government support and the lack of foreign investments in the downstream industry have slowed down the sector's development. The decline in refining capacity utilization can also be attributed to infrastructural decay. As a result, Nigeria's four refineries, which include the northern Kaduna refinery, the Warri refinery, and the two plants located in Port Harcourt, have operated below capacity due to years of negligence, leading to the importation of most of the country's gasoline demand from other countries.
- For instance, in May 2023, Dangote Refinery was commissioned by Nigeria to meet its goal of becoming a net exporter of petroleum products. The outgoing administration believes that the refinery will alleviate Nigeria's repeated fuel shortages.
- Owing to the abovementioned factors, the refining segment is likely to experience highlighted growth during the forecast period.

Investments by Private Sector to Drive the Downstream Market

- The Nigerian oil and gas downstream sector is expected to get accelerated by investments from independent energy companies due to the government's recent plans to have a majority shareholding of private companies, even in state-owned refineries, in the coming years. The plans hinted at attracting investments from private companies.
- The country's refining sector has witnessed extreme degradation in recent years due to the productivity issues caused by ailing infrastructure. These issues demanded new investments to cure the ailing refining sector. Kaduna Refinery, with a nameplate capacity of 110,000 barrels per day, Port Harcourt Refinery I and II, Warri Refinery, and Dangote Refinery are other major refineries in the country.
- Nigeria's rapidly growing population of over 200 million is witnessing an ever-growing fuel crisis despite the vast oil reserves due to the lack of operating refineries in the nation.
- In 2021, the government of Nigeria launched the Petroleum Industry Act 2021, which aims to pave the way for the development of crude oil refineries in the nation and resolve the energy crisis in the country.
- Owing to such an interest from private companies, the Nigerian oil and gas downstream market's growth is likely to have a positive impact in the future.

Nigeria Oil & Gas Downstream Industry Overview

The Nigerian oil and gas downstream market is consolidated. Some of the major players in the market include (in no particular order) the Nigerian National Petroleum Corporation (NNPC), KBR Inc., NDEP PLC, Indorama Eleme Petrochemicals Limited, and Midoil Refining & Petrochemicals Company Limited.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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