



**REMARKS**

**BY**

**PERMANENT SECRETARY**

**MINISTRY OF ENERGY & MINERAL DEVELOPMENT**

**AT THE LAUNCH OF THE JINJA STORAGE TERMINAL (JST)**

**JINJA**

**3<sup>RD</sup> NOVEMBER 2017**

**Our Chief Guest, Hon. Gume Ngobi, Minister of State for Cooperatives.**

**The Attorney General of the Republic of Uganda,**

**The Representative of Honorable Minister of Energy & Mineral Development;**

**The Representative of Honorable Minister of Finance, Planning & Economic Development;**

**Honorable Members of Parliament;**

**The District Chairperson;**

**The Resident District Commissioner and Security Officers;**

**The Board, Management and Staff of Uganda National Oil Company (UNOC) Limited;**

**The Board, Management and Staff of M/s One Petroleum Ltd;**

**Management and staff of Uganda Revenue Authority;**

**The CEOs and staff of Oil Marketing Companies present;**

**Members of the Press;**

**Distinguished Guests;**

**Ladies and Gentlemen;**

Good afternoon.

Welcome and I thank you all for coming to witness this occasion when Jinja Storage Terminal is relaunched so as to effectively contribute to the mandate of the Ministry.

The mandate of the Ministry of Energy and Mineral Development is *“to establish, promote the development, strategically manage and safeguard the rational and sustainable exploitation and utilization of energy and mineral resources for social economic development”*.

The Petroleum Supply Department contributes to this mandate through the ensuring security of supply of petroleum products in the country, and regulating quality assurance among other deliverables.

## **NATIONAL POLICY TO ESTABLISH STRATEGIC FUEL RESERVES**

As an essential component of Uganda's Energy Policy, Government established JST as one of the National Strategic Reserves intended to cushion the country from petroleum supply disruptions. The other one which was halted in construction phase and requires completion is the Nakasongola Terminal. We have also just concluded the development of a masterplan for the development of a major terminal near Kampala city. In the long term, such regional facilities are also to be developed also in Western and Northern Uganda.

## **FINANCING AND OPERATION OF TERMINALS.**

You will agree with me that the financing and operation of petroleum terminals is a major undertaking, requiring both large capital expenditure and experience in the development and operation of petroleum facilities.

The Ministry has since been working on the development of joint ventures with the private sector to advance this policy action. It is in this spirit that the Ministry handed over the JST to UNOC to ensure that it is managed in a commercial manner. This approach has clearly yielded excellent results in the joint venture in which UNOC is working with One Petroleum here at JST. With the kind of results we are witnessing here today, I am encouraged to say that the Ministry will continue to support these approaches.

The UNOC/One Petroleum JV took over this Facility at time when elections were due in Kenya and our immediate task was to refurbish and re-stock the JST in order to cushion the country from supply disruptions that have occurred in the past during elections in Kenya. We are happy to note that this has worked quite well with the terminal now rehabilitated and fairly stocked even without funding from the treasury.

## **Statistics and Forward Plans**

Ladies and gentlemen, to put some numbers in perspective, currently Uganda consumes about **5.4 Million litres** of fuel per day, (which amounts to 162Million litres per month). The current regulations require that OMCs hold at least 10 days stock in relation to their market share.

However the installed storage capacity in the country is about 104Million Litres, of which 30 million litres (29%) capacity is here at JST. The other 71% is constituted by various, small capacity

storage facilities. This situation of having scattered small capacity storage facilities leads to increased cost of storage per unit volume, which then adds to the overall pump price.

Furthermore, with market demand growing at more than 5% p.a., it is important that we focus on the development of large scale storage facilities to increase security of petroleum supply in the country while also reducing the cost of storage per unit volume.

For a quick example about land-locked countries, according to the Rwanda Utility Regulatory Authority, Rwanda is pursuing an ambitious target of increasing the country's strategic storage capacity to an equivalent of 4months up from the current 1.5 months. Zambia is also working on plans to scale up fuel reserves.

Regarding storage terminal and reserves therefore, we are promoting the following medium to long term plans:

- a) Expedite the development of Kampala Storage Terminal.
- b) Evaluate the commercial feasibility of establishing regional terminals;
- c) Work with Government in evaluating the financing and safe custody of Government-financed strategic fuel reserves.

Distinguished ladies and gentlemen, as you are aware, the country also continues to explore medium to long term plans for the development of pipelines (and the attendant storage facilities) which will link the petroleum supply markets in the region. As Government, we will commercially evaluate these plans with the view to promoting their development.

With these few remarks, I want to thank all of you for attending this function. I urge you to continue promoting these joint efforts between Government and the private sector in establishing petroleum terminals in the country.

I thank you,

For God and My Country.

John Friday

**FOR: PERMANENT SECRETARY  
MINISTRY OF ENERGY AND MINERAL DEVELOPMENT**