



MINISTRY OF PETROLEUM RESOURCES



DEREGULATION OF DOWNSTREAM OIL SECTOR: THE MYTHS, THE FACTS



Myth: Deregulation is all about creating cartels to control the industry.



Fact: Deregulation is the opening up of an industry or a sector of the economy to allow private investors to operate with the government only creating an enabling environment for businesses to thrive.



Myth: Deregulation will cause scarcity and increase the prices of products.



Fact: Deregulation promotes competition which enhances efficiency and effectiveness in the supply, distribution and sale of petroleum products at reasonable prices.



Myth: Deregulation will strengthen product marketers and help them profiteer at the expense of the consumer.



Fact: Deregulation provides the consumers the opportunity to choose where to buy petroleum products from a wide range of marketers who will offer competitive prices.



Myth: Deregulation will create unemployment and make life difficult for the citizens.



Fact: Deregulation opens up the market thereby creating jobs for the citizens.



Myth: Deregulation would cause hardship and stall the growth of the economy.



Fact: Deregulation engenders economic growth which is what all patriotic Nigerians desire.



Myth: Deregulation is all about hike in the prices of petroleum products.



Fact: Deregulation ultimately helps to force down prices through competition.



Myth: Deregulation will pauperize Nigerians and raise the prices of basic commodities out of their reach.



Fact: Deregulation makes the consumer king.



Myth: That deregulation will only empower a few people who could hold Nigerians to ransom by hoarding products to create scarcity and increase prices of products.



Fact: Deregulation promotes plurality of operators and supply sources thereby ensuring sustainable steady supply of products.



Myth: Deregulation will put the market in the control of private sector businessmen who could manipulate it to create scarcity of products.



Fact: Deregulation makes products readily available without a chance of periodic glitch in supply.



Myth: The subsidy regime is more beneficial to the generality of the Nigerian people than the privileged few who operate as middle men in the sector.



Fact: Deregulation discourages profiteering by a few persons from the subsidy regime.



Myth:

That deregulation will lead to a continuous rise in the prices of petroleum products and that prices will never come down



Fact:

Nigerians now pay less for telephone services as opposed to the initial high prices because of competition, that trend will also apply to petroleum products market when the sector is deregulated



Myth:

That deregulation will trigger off inflation and cause hardship for Nigerians



Fact:

As in the telecommunication sector where over one million direct and indirect jobs have been created as a result of its deregulation, deregulation of the Nigerian Downstream sector will help create jobs in the oil and gas industry



Myth:

Nigerians would have suffered too much and died by the time the deregulation of the downstream sector of the oil and gas industry will result in such massive job creation if it ever does



Fact:

Nigerians will celebrate the downstream sub-sector of the oil and gas industry if it is deregulated just the way they are celebrating the telecom sector 10 years after its deregulation



Myth: It is better for government to spend huge sums of money on subsidy and end up enriching only a few privileged Nigerians.



Fact: Deregulation helps to save money for infrastructural development.



Myth: That deregulation has not worked and will never work in Nigeria



Fact: Deregulation has worked in the education, broadcast media, aviation and telecommunication sectors giving rise to private schools, private radio and television stations, private airlines and private telecommunication companies respectively



Myth: That deregulation succeeded in the telecommunication and other sectors does not mean that it can achieve the same results in the petroleum industry



Fact: Deregulation can achieve the same positive results in every sector, including the oil and gas industry if carried out conscientiously



Myth: That because of the peculiar nature of the oil and gas sector, deregulation can only lead to a rise in the prices of petroleum products



Fact: As in all the other sectors, deregulation can lead to an initial rise in prices which will ultimately be moderated by the forces of competition as being experienced by Nigerians in the telecommunication sector



Myth:

It is better for Nigerians to 'enjoy' subsidy as they do now than risk deregulation for fear of the pain it might bring



Fact:

The 'enjoyment' of subsidy in its current form is not sustainable and a time will come when there will be no money to pay for the subsidy and there will be scarcity of petroleum products which will cause greater pains if the downstream is not deregulated now



Myth:

That the oil and gas sector is peculiar, its deregulation can bring only pains without any gain



Fact:

There is absolutely no proof to justify that position. Indeed, gains of deregulation as being enjoyed in the aviation, broadcast media and telecom sectors will be replicated in the downstream petroleum sector of the oil and gas industry when it is deregulated.

Which would you rather stand for:

Facts or Myths?

Facts are sacred. . . Support deregulation!