

# PURA



Petroleum Upstream Regulatory Authority



# Newsletter

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## PURA, Stakeholders set to enhance local content in upstream activities



Prime Minister of the United Republic of Tanzania, Hon. Majaliwa Kassim Majaliwa handing over certificate of participation at the 4th Exhibition of Funds and Economic Empowerment Programs to PURA's Director General Engineer Charles Sangweni. Picture by Janeth Mesomanya

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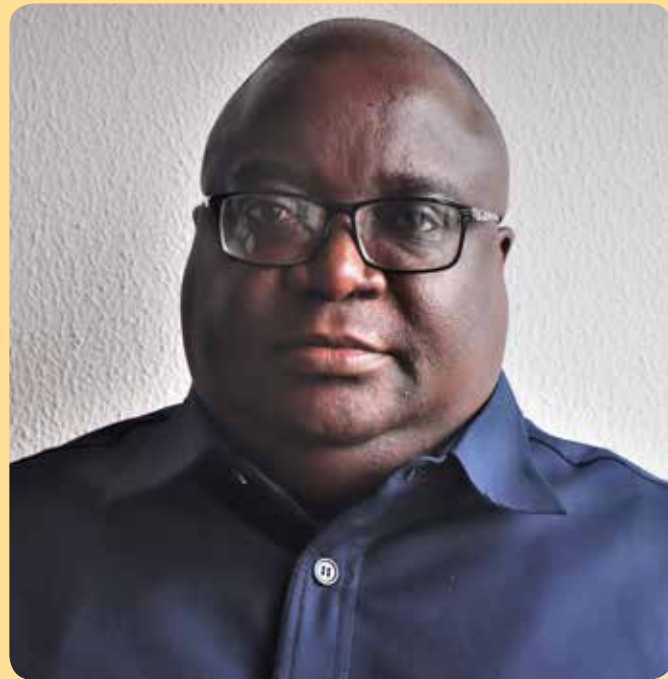
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**Dear esteemed readers,**

It is with abundant pleasure we welcome you to the first edition of the Petroleum Upstream Regulatory Authority's (PURA) quarterly newsletters. We are determined to use this tool to communicate with the general public on all matters pertaining to the upstream activities regulated by this Authority.

This edition covers a range of activities that took place between July 2020 to March 2021. It also captures editorial thoughts about PURA and how it can create a mega impact in the development of the oil and gas sub-sector in the country.

A series of newsletters that will be issued henceforth will also focus on enhancing extensive participation of local suppliers and service providers in the upstream activities. This is to ensure that local content retention remains

at the heart of our country's economic development through appropriate utilization of resources and opportunities available in the petroleum upstream operations.

One of PURA's core functions is to monitor and regulate the upstream petroleum operations in which it is mandated to promote local content, including supporting national enterprises and Tanzanians to participate in the petroleum upstream industry.

It is our hope that these newsletters will serve as a catalyst from communication between the Authority and the general public hence create the necessary impact required in the oil and gas sector in Tanzania.

Thank you and welcome once again.

**Acting Director General  
Engineer Charles Sangweni**



**Acting Director General of PURA, Eng. Charles Sangweni showing Deputy Minister of Energy Stephen Byabato the status of exploration and production licenses in the upstream operations during his visit at PURA offices in Dar es Salaam. Photo by Janeth Mesomapyia**

## Establishment

The Petroleum Upstream Regulatory Authority (PURA) was established under Section 11 of The Petroleum Act 2015. Through the Petroleum Act, The Authority was mandated to carry out three main functions that include advising the government on all matters pertaining to petroleum upstream operations, monitoring and regulating the upstream petroleum operations and regulating all activities related to Liquefied Natural Gas project (LNG) for export).

In advising the government, PURA is mandated to advise the minister responsible for

petroleum affairs on granting, renewing, suspending and cancelling of petroleum exploration and development licenses.

The Authority also advises the Government on opening of new areas for licensing rounds and awarding Block (s) to qualified companies as well as advising the government on negotiations of Production Sharing Agreements (PSAs) and other contractual arrangements.

In its monitoring and regulating the upstream petroleum operations function, PURA reviews and approves work program and budgets submitted by all companies, it ascertains the cost of oil and gas due to license holder and

other contractors, monitors and evaluates performance in petroleum activities, manages national exploration and production database as well as promoting local content, including supporting national enterprises and Tanzanians to participate in the petroleum upstream industry.

In its function of regulating LNG project for export, PURA is mandated to audit the cost of LNG projects, grant liquefaction facility development plan, export license and re-gasification license and regulates LNG project activities

Status of exploration and production of oil and gas in Tanzania

The petroleum exploration

activities in Tanzania started in 1952. The first natural gas discovery in Tanzania was made in 1974 at Songo Songo Island, Lindi Region under Azienda Generali Italiana Petroli (AGIP) in cooperation with American Oil Company (AMOCO).

The second natural gas discovery in the country was made in 1982 at Mnazi Bay, Mtwara area under AGIP. Following the increase of oil and gas exploration activities in Tanzania particularly in offshore areas in Indian Ocean, more natural gas discoveries were made between 2010-2012. The total natural gas discovered in the country as of February 2020 is 57.54 trillion cubic feet. Out of the 57.54 trillion cubic feet of natural gas discovered

in the country, the natural gas discovered onshore was 10.46 tcf and 47.08 tcf offshore.

### PSA Status

As of March 2021, there's a total of Eleven (11) active PSAs, eight (8) of which are onshore and three (3) are offshore. Eight (8) PSAs out of 11 including Block 1, Block 2, Block 4, Ruvu, Kilosa-Kilombero, Rukwa South, Nyuni and Mtwara blocks are in exploration phase while three (3) PSAs including Mnazi Bay, Songo Songo and Kiliwani North are in production phase.

However due to technical challenges, the production in Kiliwani North PSA has been stopped hence remaining with only two (2) fields, Mnazi Bay and Songo Songo).

### Status of Natural Gas Production in the country

As of January 2021, the production of natural gas from Mnazi Bay wells averaged at 2.39 billion standard cubic feet per month, which is equivalent to 74 million standard cubic feet per day.

While the production of natural gas in Songo Songo wells averaged at 3.038 billion standard cubic feet per month which is equivalent to 98 million standard cubic feet per day, making a total natural gas production in the country to be at an average of 5.428 billion standard cubic feet per month which is equivalent to an average of 172 million standard cubic feet per day.



**Board of Directors, some Management members and staff of PURA in a group photo.**  
Photo by Janeth Mesomapyia

# PURA launches Workers' Council

By Janeth Mesomapyia

**W**orkers' Councils are considered to be instrumental tool in improving working environment between employers and employees in order to enhance productivity.

Due to this relevance the Petroleum Upstream Regulatory Authority (PURA) launched its Workers' Council on November 13, 2020 in Bagamoyo with the aim of improving relations between staff and the Authority's management so as to increase morale and efficiency in the workplace.

The council was launched by the Director of Administration and Human Resources of the Ministry of Energy Raphael Nombo who represented the former Secretary General of the Ministry of Energy Ms. Zena Said.

The event was attended by representatives from the Ministry of Energy, PURA's Chairman of Board of Directors, management, staff and some leaders of the Government and Health Workers Union (TUGHE) at the regional and national levels.

Speaking before inaugurating the council Mr. Nombo explained that the council will be an important catalyst to ensuring adequate cooperation between the Board of Directors, Management and PURA Staff.

He said this would help facilitate the effective implementation of the Authority's responsibilities which are essential for the development of the nation through the oil and natural gas sub-sector.

"We are aware that the government's intention in establishing workers' councils is to have a body that ensures all rights and responsibilities of the employer and employee are given due priority in the performance of duties and this should be the basis of this council in this significant government Authority" he explained.

Mr. Nombo explained that the



council is mandated to look after the interests of both parties for the benefit of the institution hence the nation as well as raising issues that required immediate attention to increase productivity of the institution.

This platform calls for collective dialogue between employers and employees in the public service regarding the responsibilities and interests of both parties," he added.

He also called on PURA staff to be aware of their responsibilities in the workplace and ensure they implement the planned goals timely and appropriately.

For his part, the Acting Director General of PURA, Engineer Charles Sangweni said the launched council will increase speed, efficiency, and professionalism in carrying out the responsibilities of the Authority as stipulated in the Petroleum Act of 2015.

He noted that workers' councils are legally established for the purpose of advising the government at the levels of departments, institutions and ministries on labor and human resource management, discharge of duties and protection of the rights and responsibilities of employers and employees.

He added that these councils promote better working conditions, employee interests, upholding justice as well as well-being in the workplace.

"The role of these councils as advisory and management bodies is to ensure that employers and employees are aware of their responsibilities and rights, as well as adhere to their service values to bring about productive, decent and devoted work," he explained.

Engineer Sangweni urged the leaders and representatives of the council to work hard while putting God first and focusing on discipline, accountability and integrity.

The Chairman of the Board of Directors of PURA Professor Gasper Mhinzi commended the Authority for this important step in launching the Staff Council and wished them well in their undertakings.

The new PURA staff council has a total of 34 members including 13 members from PURA management, 8 elected members and staff from each department, 11 members of TUGHE (PURA branch) and two representatives from TUGHE (national) and the General Council.

## PURA launches Workers' Council



**PURA's Chairman of Board of Directors Professor Gasper Mhinzi, Management and staff during the official launch of the Authority's Workers' Council in Bagamoyo. The Council was launched by the Director of Administration and Human Resources of the Ministry of Energy Raphael Nombo. In attendance were also TUGHE leaders at regional and national level. Photos by Janeth Mesomapyra**

## **PURA expound on upstream local content opportunities at the 4th NEEC Exhibition**

**By Janeth Mesomapyya**

**L**ocal content being at the heart of petroleum upstream activities in the country, a team of experts from the Petroleum Upstream Regulatory Authority (PURA) expounded on the opportunities available in the oil and gas sub-sector.

This took place during the Fourth Exhibition of Funds and Economic Empowerment Programs, at Sheikh Amri Abed Stadium in Arusha from February 7th to 13th February, 2021. The Exhibition was organized by the National Economic Empowerment Council (NEEC), a Council sitting under the Prime Minister's Office.

Among upstream petroleum opportunities expounded by PURA in the exhibition (based on the ongoing petroleum operations in the country) include, direct and indirect employment and supply of goods and services such as catering, cleaning, security, insurance, consultancy and technical services like welding, engineering, to mention a few.

Speaking with journalists at PURA's pavilion, the Authority's Acting Director General Engineer Charles Sangweni hinted that one among core functions of the Authority is to ensure local suppliers and service providers have prioritized access to sell their products and provide services in the upstream petroleum

operations.

"We are mandated to promote local content including supporting national enterprises and Tanzanians to participate in the petroleum upstream industry to produce and deliver products and services that are of acceptable standards in the upstream petroleum activities," he added.

Other topics that PURA covered included the establishment of PURA and its responsibilities, oil and natural gas exploration activities, the status of PSAs and status of natural gas production in the country.

The purpose of the exhibition was to raise public awareness about the existing empowerment funds and programmes as well as encouraging citizens to take advantage of the funds.

In addition, the exhibition

also intended to educate entrepreneurs, business owners and the general public on the importance of financial savings and best ways to invest in profitable projects through the establishment and strengthening of social financial groups.

The Exhibition was inaugurated by his Excellency, Kassim Majaliwa Majaliwa, the Prime Minister of the United Republic of Tanzania and concluded by Minister of State (Policy, Parliamentary Affairs, Labour, Employment, Youth and the Disabled), Hon. Jenista Mhagama.

Among other exhibitors were Micro, Small and Medium Enterprises (MSMEs), Government ministries and institutions, Non-Government Organizations (NGOs), Community Based Organizations (CBOs) and academic institutions.



**PURA's officials expounding on opportunities available in the oil and gas sub-sector to attendees at the Fourth Exhibition of Funds and Economic Empowerment Programs in Arusha. Photos by Janeth Mesomapyya**



## PURA expound on upstream local content opportunities at the 4th NEEC Exhibition



**PURA's officials expounding on opportunities available in the oil and gas sub-sector to attendees at the Fourth Exhibition of Funds and Economic Empowerment Programs in Arusha. Photos by Janeth Mesomapy**

# PURA, Stakeholders set to enhance local content in upstream activities

By Janeth Mesomapyia

The Petroleum Upstream Regulatory Authority (PURA) recently met with stakeholders from the oil and gas sector to discuss the best way to increase retention of locals in the respective sector.

During the meeting that took place in Dar es Salaam, the PURA's Acting Director General Engineer Charles Sangweni said along other responsibilities, the Authority is mandated to promote local content in the petroleum upstream industry.

He explained that the goal is to ensure Tanzanian service providers and suppliers participate entirely in the oil and gas sector through selling their local products, services and obtaining employment opportunities.

He added that to accomplish the goal, both the Authority and stakeholders must work hand in hand in ensuring compliance to local content regulation and guidelines.

For his part the Head of Local Content and Stakeholders Engagement Unit Mr. Charles Nyangi said the main agenda of the meeting was to draft criteria and requirements that will facilitate local suppliers and service providers to sell high quality products and services to meet the market need.

He hinted that meanwhile



**PURA's staff with stakeholders from national and international oil companies in a meeting discussing the best way to increase retention of locals in the upstream activities. The meeting took place at PURA offices in Dar es Salaam. Photos by Janeth Mesomapyia**

PURA in collaboration with the Energy and Water Utilities Regulatory Authority (EWURA) is preparing a database namely 'Common Qualification System (CQS)' that will register all

necessary information of local suppliers and service providers who aspire to participate in the upstream operation by selling their products, services and landing job opportunities.

"This database will bridge a gap between local suppliers and service providers and oil companies so as to increase purchase of local goods and services," he added.

Moreover, stakeholders who attended the meeting urged the Authority to continue creating awareness and empower Tanzanians to utilize opportunities available in the oil and gas sector by increasing the quality of their products and service hence increase local purchase by the IOCs.



**This database will bridge a gap between local suppliers and service providers and oil companies so as to increase purchase of local goods and services,"**

## PURA, Stakeholders set to enhance local content in upstream activities



PURA's staff with stakeholders from national and international oil companies in a meeting discussing the best way to increase retention of locals in the upstream activities. The meeting took place at PURA offices in Dar es Salaam. Photos by Janeth Mesomapya

# Journalists, editors crucial for public awareness on petroleum upstream activities

By **Janeth Mesomapyra**

**A**bout 50 journalists and editors of various media outlets countrywide have been part of a special workshop to raise awareness of petroleum upstream operations in the country.

The workshop organized by the Petroleum Regulatory Authority (PURA) was held on December 17 and 18, 2020 at the Julius Nyerere International Convention Centre (JNICC) in Dar es Salaam.

Considering the vital role of the media in the development of the oil and gas sub-sector in the country, PURA organized the workshop with the aim of raising awareness among the media about the Authority and the activities in the petroleum upstream.

This aimed at enabling the media to widen its scope in reporting about the oil and gas sub sector and the Authority's activities with accuracy and impact-mindfulness as well as to improve relations between the media and the authority.

Presenting the topic of the establishment of PURA and its responsibilities on the first day

of the workshop, Acting Director General of PURA Engineer Charles Sangweni touched on various issues including the history oil and natural gas exploration and production activities in the country.

"Oil exploration activities in the country began in the early 1950s, where in 1974 natural gas was discovered on the island of Songo Songo. So far the amount of natural gas discovered in the country is 57.54 trillion cubic feet," he explained.

Eng. Sangweni also spoke about the establishment of PURA in 2015 after the adoption of the Petroleum Act, the institutional structure and its responsibilities as well as the achievements made so far.

He noted that some of the achievements include the strengthening of the legal and regulatory framework in the upstream operations and increased local content.

"Another achievement is the enhancement of cost audit activities in the PSAs (PSA Audit) contracts, which has resulted in saving more than 20 billion shillings so far," he added.

For his part Geologist from PURA, Mr. Faustine Matiku presented on the state of the oil and gas industry in the country

This topic touched on the concepts of petroleum geology, the petroleum upstream activities, the potential sources of oil and natural gas in Tanzania and the history of oil and natural gas exploration in the country.

Others were the country's largest oil exploration wells, various natural gas transportation systems and liquefied natural gas (LNG) project.

The Head of Local Content & Stakeholders Engagement Unit Mr. Charles Nyangi presented on the meaning of local content in the oil and gas sector, focus areas on local content including enabling capabilities and international competitiveness of domestic businesses, value addition and job creation to mention a few.

Other areas he touched on were policies, legal and authoritative structures governing local content, available goods and services, challenges and so on.

The workshop was a success as the journalists and editors increased their awareness of upstream operation activities and eventually reported to the public about the Tanzania's oil and gas sub-sector through their respective media outlets.

## Journalists, editors crucial for public awareness on petroleum upstream activities



journalists and editors of various media houses countrywide in workshop organized by PURA and took place in Dar es Salaam. The workshop aimed at raising awareness of petroleum upstream operations in the country through media. Photos by Janeth Mesomapyia.

## PURA spearheads economic revolution in the oil and gas sub-sector

By Hafidh Kido

**F**requently in his speeches the late President Dr. John Pombe Magufuli highlighted his desires for Tanzanians to benefit from their resources especially minerals and natural gas.

He said, “we are not poor because we have natural resources that most countries don’t have and that is probably why some western nations are not interested in the progress made by the country, they are causing incitement to disturb us”.

In 2019 the Minister of Energy, Dr. Medard Kalemani at a three-day conference to promote empowerment and investment in oil and natural gas exploration and extraction activities said Tanzania has opened its hands to investors to come as the resources are plentiful.

The conference, which took place from October 2-3, 2019 in Dar es Salaam, was attended by more than 500 people from 67 countries around the world.

“Everyone is a witness, the success of the gas industry has now increased where in 2018, gas accounted for 2 percent of GDP, from 0.9 percent in 2017, this increase is also due to the work of distribution and

sale of gas from production to consumers, this is certainly a great achievement,” Minister Kalemani noted.

He added that gas consumption has increased from 45 million mm (mmsf) gas volume in 2013/14, to 110 million in 2019 for generating electricity, also about 70 Million cubic feet, is used for other domestic purposes including in cars as well as in factories.

For the past 15 years so far, gas consumption is about 1 percent of the 57.54 trillion volume of total gas discovered in the country, which continues to increase due to the availability of gas-fired power generation infrastructure, as well as increase in demand for other gas uses.

He said exploration activities were still ongoing to find more gas for Tanzanians to use in the coming years.

About 55% of the electricity used in the country is generated using gas resources. Gas consumption is 40 percent cheaper than wood and charcoal and environmental protection, approximately 5,000 bags of charcoal are used annually in the Dar es Salaam region alone, so the gas will contribute significantly to environmental conservation.

The Petroleum Upstream Regulatory Authority (PURA) recently held a workshop for journalists and editors to discuss the status of oil and gas sector in the country, where among the presenters was the Acting Director General of PURA, Engineer Charles Sangweni who took journalists through the history of oil and natural gas exploration in the country, he said:

“Oil and natural gas exploration activities in the country began in 1952 through an Italian company Agip. Despite these activities starting that year, Agip Company made its first discovery on Songo Songo Island (Lindi) in 1974 which was followed by another discovery in the Mnazi Bay (Mtwara) area in 1982.

“However, natural gas was not developed as it was considered uneconomical at the time. Following the discovery, the Tanzania Petroleum Development Corporation (TPDC) continued to conduct exploration including drilling various wells to confirm the amount of natural gas available in the areas where natural gas was discovered. As of November, 2014, the amount of natural gas discovered in the country was 53.28 trillion cubic feet.”

## PURA spearheads economic revolution in the oil and gas sub-sector

Engineer Sangweni noted that so far the amount of natural gas discovered in the country is 57.54 trillion cubic feet, which could be used for many more years and reminded that what is currently used is only a small percentage of the available resources.

Commenting on the establishment of PURA, Engineer Sangweni said the authority was established through section 11, of the Petroleum Act of 2015.

“The reasons for its establishment include the great discovery of natural gas in the deep ocean. The need for strengthening legal, institutional and regulatory frameworks. To separate the commercial responsibilities and regulation of the petroleum sector in the country and to adapt to changes in the operating system and management of the global oil sector,” said Engineer Sangweni

“The responsibilities of PURA are set out in the Petroleum Act of 2015, section no. 12 and in general they are divided into three main categories including: advising the Government on various matters relating to exploration, development and production of oil or

natural gas; monitoring and regulating the upstream petroleum operations and regulating the Liquefied Natural Gas (LNG) project for export.”

According to the report on the implementation of the construction of natural gas infrastructure from Madimba-Mtwara, Songo Songo - Lindi and Pwani to Dar es Salaam in March, 2015 states that Tanzania has decided to use natural gas to generate electricity for various reasons including;

Reducing the dependence on hydropower that is affected by climate change such as drought, as well as reducing the use of foreign currency used to import oil for electricity generation.

Another reason is to engage the private sector in the energy sector and attract

investors in oil and natural gas exploration activities in the country.

Where, it has been identified the implementation of this project will enable the country to get reliable and affordable electricity.

When completed, the infrastructure will save more than US \$ 1 billion equivalents to 1.6 trillion shillings a year, which is currently being used to import fuel for power generation using existing plants in the country.

The new plants being built will also get natural gas to produce cheap electricity.

In addition, to date Tanesco Power Corporation through the national grid generates 1,565.72 Megawatts and electricity from the grid and off-grid sources is 1,601.84 Megawatts, of which 86.5 percent of the country's electricity generation is owned by Tanesco.

This is far from the 2115 Megawatts that will be generated after the completion of the Julius Nyerere Project (JNHPP). The current demand is 1,177.20 Megawatts.

In addition, electricity generated using natural gas in the country is more than 57 percent of all generated electricity.



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# Interns, field students visit natural gas production facilities

By **Janeth Mesomapyra**

Interns and field students at the Petroleum Upstream Regulatory Authority (PURA) recently visited production sites and processing plants of natural gas in Mtwara and Lindi regions.

Along with other PURA staff, they visited the Kinyerezi Gas Receiving Facility, Mkuranga 1 well, Mnazi Bay production facility, Madimba processing facility and Madimba gas receiving facility.

The team also visited six geological sites including Wingayongo and Makukwa oil seeps which are located alongside the Southern coastal area.

According to PURA's Geologist Faustine Matiku, the tour aimed at exposing the students to practical

side of what they study in class as well as showing them projects that the Authority is mandated to regulate.

"The team also included none geological and engineering professionals who were collectively exposed to activities of oil and gas production," he added.

Mentioning some of the geological sites visited, Geologist from the Tanzania Petroleum Development Corporation (TPDC) Adam Sajilo explained that both the interns and students learned the types of rocks found in the Southern Coastal area in Tanzania and how they are formed.

"They have learned that rocks have age and you can tell the age of a particular rock by looking at features surrounding them," he

added.

For her part Geologist Bahati Mohammed who is an intern said the tour helped her learn practically about the formation of rocks and oil and gas resources underneath the ground.

Moreover, Naomi Mwakibolwa, a fourth year student of Petroleum Engineering at the University of Dar es Salaam said she's grateful to have visited processing plants and sites and learn the practicability of what she's been studying in class.

Procurement and Supply intern Winston Kayona expounded that the tour exposed him to the importance of procurement and supplies in the value chain of oil and gas sector.





## Interns, field students visit natural gas production facilities



Interns and field students at PURA during visit at the Kinyerezi Gas Receiving Facility, Mkuranga 1 well, Mnazi Bay production facility, Madimba processing facility, Madimba gas receiving facility and six geological sites in Mtwara and Lindi regions including Wingayongo and Makukwa oil seeps. Photos by Janeth Mesomapyia

## Interns, field students visit natural gas production facilities



Interns and field students at PURA during visit at the Kinyerezi Gas Receiving Facility, Mkuranga 1 well, Mnazi Bay production facility, Madimba processing facility, Madimba gas receiving facility and six geological sites in Mtwara and Lindi regions including Wingayongo and Makukwa oil seeps. Photos by Janeth Mesomapya

# Diving deep into the global LNG outlook, what is in store for the Tanzania LNG project?



**By Ebeneza Molle**

The global LNG demand is reported to have been growing at an average rate of 10% year-on-year since 2016 with the highest record observed in 2019 when demand grew by 12-13% (BP 2020, Shell 2020 and Gas Strategies 2020). According to HI (2019), the net amount of LNG traded in 2018 and 2019 were 313.27 and 349.53 million tonnes (MT) respectively, the net importers being Japan and China with the latter expected to overtake the former in the nearest future. Speaking of quantities, Japan imported 76.9MT of LNG in 2019 while

China imported 61.7MT. The increase of LNG importation by China is associated with its resolve to implement its 'blue skies' policy developed in 2018. Apart from China and Japan, other big importers of LNG in Asia were South Korea (40.1MT), India (24.0) and Taiwan (16.7MT). The growth of global LNG trade took a nosedive in 2020 when the demand plummeted to 2% mainly due to the slowdown of economic activities highly contributed by COVID 19



**With the already weakened global LNG demand and considering new liquefaction projects around the world coming on stream, the prediction is that the supply will soon outgrow the demand, leaving the market oversupplied."**

pandemic (IHS 2020 and International Gas Union 2020). With imposed travel restrictions and lockdowns around the world, this decrease in demand was expected but analysts could not foresee growth shrinking by more than 4% (snam, IGU and BloombergNET 2020 and Reuters 2020).

With the already weakened global LNG demand and considering new liquefaction projects around the world coming on stream, the prediction is that the supply will soon outgrow the demand, leaving the market oversupplied. Speaking of the rate of increase of liquefaction capacity, in five year period (from 2016 to the end of 2020), the capacity is said to have increased by 50% (IHS Markit 2021). As of 2019, the global liquefaction capacity stood at 430.MTPA out of which 42.9MTPA was for 2019 alone (International Gas Union, 2020). IEA and KEEi (2019) forecast that with the observed level of increase of liquefaction capacity, the supply will exceed the demand by circa 100 billion cubic meters (bcm) by 2022. To address oversupply (or

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# Diving deep into the global LNG outlook, what is in store for the Tanzania LNG project?

bring about supply-demand balance) of LNG in the market, IHS Markit (2021) is of the view that utilization of liquefaction facilities be reduced. Nevertheless, Krasity (2021) deems it unnecessary since the global economic havoc brought by (mainly) COVID-19 has resulted in an unprecedented postponement of the Final Investment Decisions (FIDs) for construction of new liquefaction facilities. In 2020 for instance, only one FID was reached, an extremely low level of FID for liquefaction facilities witnessed in 23 years.

Having production capacity surpassing the capacity of the market to fully absorb the product, LNG prices around the world are reported to have been affected significantly. Citing Europe as an example, BP (2021) reports that, the LNG price in that region hit the rock bottom to insanely low levels only witnessed in 2004. In Asia, the average LNG contracted price in 2019 was \$8.3/MMbtu while the average spot price was \$5.6/MMbtu. In May 2020, however, these prices dropped sharply to \$4.2/

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**For a few years now Tanzania has been planning for an LNG project to monetize the discovered offshore gas which is in the magnitude of over 47Trillion Cubic Feet (TCF).”**

MMbtu and \$2.1/MMbtu for contracted price and spot price, respectively. Again, among causative reasons being the pandemic and oil price slump in the world market. Despite the reported low values, the LNG prices have kept going up and down. On 11 January 2021, for instance, the daily LNG spot price shot up to \$30.3/MMbtu, a historic price to have ever been thought of. This staggering spike in price is attributed to weather and disruption of LNG supply (Taverner 2021).

For a few years now Tanzania has been planning for an LNG project to monetize the

discovered offshore gas which is in the magnitude of over 47Trillion Cubic Feet (TCF). It has been repeatedly mentioned that the project size will be 10million tonnes per annum and will cost about USD 30billion (MoE 2018, GCR 2019 and GPAE 2021). If implemented, this project will be the largest project ever realized in Tanzania and will significantly stimulate the economy of the country (Shell Tanzania 2019). Speaking of project impact on Gross Domestic Product (GDP), Dausen and Ng'wanakilala (2021) reported that the project is expected to increase the country's GDP by 2%. Having a glimpse of Tanzania LNG project and a deep dive into the global LNG outlook poses a question for the anticipated Tanzania LNG project. Considering the (almost) oversupplied market, low LNG prices, the ongoing construction of liquefaction facilities around the world and more FIDs coming in, is it all doom and gloom for the anticipated Tanzania LNG project? Do not miss out on the next edition.

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