



FOR IMMEDIATE RELEASE

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RE: GOVERNMENT MUST WITHDRAW THE INCREASED MARGINS ON PETROLEUM PRODUCTS

Accra-May 3rd, 2021-The Bulk Oil Storage and Transportation Company Limited, BOST has taken notice of a release from the stables of the Institute for Energy Security, IES, a respected CSO in the energy sector regarding the review of petroleum margins by the government of Ghana through the regulator of the petroleum downstream, National Petroleum Authority, NPA. The Civil Society Organisation is simply asking for a withdrawal of the purported upward adjustments in the margins.

Of particular concern to us are:

- The sensationalized interpretation of the increase in the BOST Margin
- The claim that BOST is the custodian and manager of the Primary Distribution Margin, PDM and
- The conclusion that the GH 3 Pesewas upward adjustment of the BOST Margin eleven months ago has not been properly justified by BOST and that the company continues to underperform despite the intervention.

We wish to respond to these claims as follows:

On the **BOST Margin**, it was introduced purposely for the operation and maintenance of the petroleum storage and distribution infrastructure. Given the huge investments made in building these over the years, failure on the parts of successive governments to review the margin from 2011 resulted in massive dilapidation and in some instances, decommissioning of some of these strategic assets. The upward adjustment received was a decision in time to stem the tide of dilapidation and bring these assets back to life and into use. The twisted interpretation is therefore unfortunate and

should be disregarded with the full force of every meaningful appreciation of the need to keep strategic stocks of petroleum products for the nation.

The **Primary Distribution Margin, PDM**, the tax in the petroleum price build-up which is utilized in the distribution of petroleum products across depots in the country is targeted at ensuring uniformity in petroleum product prices across the nation. It was under the management of BOST until 2012 when the responsibility was transferred to the National Petroleum Authority, NPA. The categorical statement that BOST is still managing this margin is simply false and should be disregarded.

On the **GH3 pesewas upward adjustment** in the BOST margin, our initial request was GH9 pesewas to restore the value to the 2011 dollar value. Despite our unsuccessful attempt, the increment of GH3 pesewas, has been efficiently utilized by the company.

In January 2017, the state of the company was as follows:

- A debt of \$623 million to suppliers and related parties
- \$36 million claim by Bulk Distribution Companies, BDCs for products lost in the BOST system.
- Decommissioned petroleum barges
- Non-operational Tema-Akosombo-Petroleum-Product-Pipeline, TAPP since 2015
- Non-operational Buipe-Bolgatanga-Petroleum-Product-Pipeline, B2P3
- Non-functional Bolgatanga and Maame Water Depots since 2015
- Old fashioned pumps and meters across the depots
- GHS237 million debt owed to a number of domestic banks including Ghana Commercial Bank, Fidelity Bank, UBA, UMB among others.
- Fifteen (15) tanks decommissioned out of Fifty-One (51) tanks of the company

As we speak, thanks to the upward adjustment, continuous government support and the efficient management of BOST as an entity, the company now boasts of:

- A functional Bolgatanga depot exporting products to the landlocked countries of the Sahel region
- Successful repair of nine (9) out of Fifteen (15) decommissioned tanks
- Payment of debts to suppliers and related parties down to \$50 million
- Successful vetting of BDC lost product claims of \$36 million down to \$14.8 million
- Fully repaired Buipe Bolgatanga Petroleum Product Pipeline
- Full repaired Tema Akosombo Petroleum Product Pipeline
- 90% completed Bulk Road Vehicle Truck Park at Bolgatanga

- Outright settlement of debts owed domestic banks
- Successful repair of all petroleum barges
- Return to shipping 3.3 million liters of products per trip of the barges from Akosombo to Buipe which is the equivalent of 62 trucks loading an average of 54,000 liters per truck
- Cutting down the operational expenses of BOST per year from a humongous GHS453 million in 2016 to GHS190 million in 2019 among others.

We wish to state categorically that, BOST, the strategic petroleum storage and distribution company of Ghana has never been better managed.

We at this point call on general public to have confidence in the current management and look forward to nothing but the best from the company.

Our doors are open to share information on our operations and the progress story so far. We look forward to executing our mandate to the government good people of Ghana.

God bless our homeland Ghana.

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