



# LPG MARKETING COMPANIES ASSOCIATION OF GHANA

17<sup>TH</sup> JULY, 2023

THE CHIEF EXECUTIVE OFFICER  
NATIONAL PETROLEUM AUTHORITY  
ACCRA  
ATTN: HON. DR MUSTAPHA ABDUL-HAMID

THE DEPUTY CHIEF EXECUTIVE OFFICER  
NATIONAL PETROLEUM AUTHORITY  
ACCRA  
ATTN: CURTIS PERRY OKUDZETO

**ROLL OUT OF CYLINDER RECIRCULATION MODEL VIS-A-VIS  
EXISTING REFILLING PLANTS – CONCERNS & POSITION OF THE  
LPG MARKETING COMPANIES (LPGMC), GHANA LPG OPERATORS  
ASSOCIATION (GLIPGOA) & GAS TANKER DRIVERS ASSOCIATION  
(GTDA)**

We have thoroughly examined issues involving the implementation of the Cylinder Recirculation Model (CRM) and have come to the conclusion that while we are not against the policy per se, its implementation in its present form has the potential to inflict serious harm on our business, our workers and ourselves.

We are worried because our business is a legally legitimate venture dating back to the 1990s with approval records at all relevant Government Institutions and Authorities including the NPA. Interestingly the NPA itself, apart from conducting regular inspection at our Stations, issues annual Certificates confirming them as SAFE, in all material details, to operate.

We remain to be assured of how we are going to recover the huge resources, running into millions of cedis, we have invested in setting up the plants and acquiring trucks for distribution. This is our main worry.

Over 600 trucks with tanks mounted on them which are duly registered by NPA to transport LPG will be rendered useless with the implementation of the policy.

About 780 retail outlets will be negatively affected. Except for a few that will be allowed to serve vehicles, equipment such as tanks, dispensers, pumps, motors, etc., at the outlets will not be useful any longer.

Additionally, All LPG outlets across the country will lose at least 50% - 60% of sales volume if the policy is implemented by the NPA in its current form. This will render industry players incapable of honouring our financial commitments to the Banks and other creditors.

The sudden switch from the existing cylinder refilling model, which has been in practice in Ghana for about 30 years, to CRM in its current form, will not be in the best interest of the consumer, especially those who buy in smaller quantities at a time for petty trading. Ironically, this group of consumers constitutes about 25% of LPG consumption in Ghana currently.

Clearly the successful implementation of the CRM would heavily depend on the mutual understanding and buy-in of all stakeholders and in this regard, it is imperative that you demonstrate fairness to all concerned, including the current operators who have sustained the industry for over thirty years. It is impractical to organize new trucks to transport bottles in six weeks. The industry players thought, in fairness, you would give us ample time to adjust to the new situation.

The fact is that all Filling plant owners have substantial debts to pay so that any form of categorization, which has even the remotest tendency to reduce sales and revenue of the operator, would not be in our interest and, for that matter cannot be accepted. It is noteworthy, that the Banks accepted to give us the loans based on our Sales and Revenue.

In view of the harm that the CRM in its current form presents to us, as explained above, we suggest the following two options:

### **1. COMPENSATION**

We are asking that the authorities value all our existing Plants including every piece of equipment, vessels, and the over 600 trucks currently involved in transporting LPG across the country, and pay the relevant compensation to their owners – as done in all such situations. We are very much concerned about the huge investments we have made and continue to make, significantly at the prompting of the NPA itself, in setting up the Plants and ensuring safety. The construction of the N1 Highway in Accra is a living example. Owners of all the buildings affected, except encroachers, were paid compensation. For that matter, the construction of the road went on without any hitch.

### **2. TRANSITION**

In the event that the compensation option cannot be fulfilled, we demand a TRANSITION period of not less than TEN (10) years during which both the CRM and our existing Refilling Plants would operate side by side or concurrently. That way, we hope to be able to fulfill our obligations to financial institutions and other creditors. This would enable a smooth and gradual transition by industry and the consuming public in general.

It is noteworthy that both fossil and electric vehicles have been operating concurrently during the transition period, and so is the move from fossil fuel to Green Energy as being championed by the World Climate Change Body.

We expect to hear favorably from you on the options that we have offered above in the course of the next two weeks.

Thank you.

Signed:



Malam Bukari Amadu  
(Chairman, LPGMC)



Ralph Bedi  
(President, GLIPGOA)



Shafui Mohammed  
(Chairman, GTDA)

cc:

- 1) THE MINISTER FOR ENERGY, MINISTRY OF ENERGY, ACCRA
- 2) THE DEPUTY MINISTER FOR ENERGY IN CHARGE OF PETROLEUM, ACCRA
- 3) THE SPEAKER OF PARLIAMENT, REPUBLIC OF GHANA, ACCRA
- 4) THE MINISTER FOR NATIONAL SECURITY, ACCRA
- 5) THE MINISTER FOR PRIVATE SECTOR DEVELOPMENT, ACCRA
- 6) THE CHAIRMAN, COUNCIL OF STATE, ACCRA
- 7) THE MAJORITY LEADER, PARLIAMENT OF GHANA, ACCRA
- 8) THE MINORITY LEADER, PARLIAMENT OF GHANA, ACCRA
- 9) THE CHAIRMAN, PARLIAMENT SELECT COMMITTEE ON ENERGY
- 10) THE CHIEF EXECUTIVE OFFICER, PRIVATE ENTERPRISE FEDERATION, ACCRA
- 11) THE CHAIRMAN OF BOARD OF GOVERNORS, AOMC,s
- 12) THE INDUSTRY COORDINATOR , AOMC, ACCRA
- 13) THE CHIEF EXECUTIVE OFFICER, CBOD, ACCRA
- 14)THE EXECUTIVE SECRETARY, COPEC, ACCRA
- 15) THE EXECUTIVE DIRECTOR , ACEP, ACCRA
- 16) THE BOARD CHAIRMAN, ASSOCIATION OF BANKERS, ACCRA
- 17) THE COUNTRY DIRECTOR, WORLD BANK, ACCRA
- 18) THE SECRETARY GENERAL, TRADES UNION CONGRESS, ACCRA
- 18) THE CHAIRMAN, TANKER OWNERS UNION, TEMA
- 19) THE CHAIRMAN, GHANA NATIONAL PETROLEUM TANKER DRIVERS ASSOCIATION.

