

TANZANIA MINES GAS/ENERGY AND OIL FORUM (TMGOF)

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TMGOF Centre of Extracts of Information for Extractive Industry

17 January 2016

Dear

Mr. President John Pombe Magufuli

OPEN LETTER TO MR. PRESIDENT JOHN POMBE MAGUFULI
(CONCERNING OIL AND GAS)

Dear Mr. President Magufuli, Tanzania Mines, Gas and Oil Co. Ltd are 100% Tanzanian company with its own forum called Tanzania Mines, Gas/Energy and Oil Forum. Our mission is to promote our natural resources by organizing oil, gas and mines conference & Exhibition with the aim of being the sponsor of tomorrow economy in our country for the intention of tapping local content opportunities.

Mr. President you have demonstrated revered leadership in standing up for all Tanzanian. In moderation, I believe smart people, strategic plan can help us measure our progress in oil and gas sector today and in near future.

Mr. President in this Open letter I would like to share with you the story about the leader of a Middle Eastern nation was given a global competitiveness report

showing that his country, despite being a major oil exporter, ranked very low in terms of global competitiveness. Investors were simply not prepared to invest in his country, except for a few dodgy characters. Foreign currency reserves were low, and young people were unemployed and roaming the streets.

First, he called in some senior politicians and asked what they thought of the report. Some said it was a hoax designed to embarrass the country. Others said it was the work of their enemies who wanted to steal their oil. Yet others said it was simply not true.

Then the leader quietly called one of the country's leading business leaders. "Your Highness, do you really want to know the truth?" the man asked. After listening to the business leader, the ruler of the country asked him to make recommendations to correct the situation. Using this "data," they made bold changes to the laws of their country. Some laws in place for generations were simply repealed. The ruler retrained or removed civil servants and other regulators who were hostile to business and investment.

Mr. President you will be taking crucial decisions on the future of Tanzania in Oil and Gas for the benefit of Tanzanian and by considering climate change. Making the right choices now is critical to developing a policy that protects the climate and give chance Tanzanian to invest in oil and gas.

We would like to share with you some points that, we believe, will help in reaching such important decisions:

1. There is the need for the **TANZANIAN OIL & GAS SERVICE COUNCIL** to represent the interests of Oil and Gas Service Providers in Tanzania with key mission to promote the capabilities of the Tanzanian Service Providers and showcase Tanzania as the regional hub for the Oil & Gas Industry. To

achieve that, any policy should strive for technology neutrality and should phase out subsidies.

✚ There is need to have country website and center unit for Oil and Gas which will help local investors to get all information in one place which will be under **TANZANIAN OIL & GAS SERVICE COUNCIL**. We believe this Council will run its activities independent without depend much in government fund.

2. Choose one target and keep as the policy's cornerstone. This Council may be one of the last chances to reconsider targets. This would be a significant step towards ensuring that gas plays a meaningful role in electricity production.

✚ Gas emits roughly half the CO₂ of coal: by taking one simple step policy – when calculating the emissions for the proposed natural gas power plants, please make the total as accurate as possible by including all emission sources — including those from natural gas extraction, production, processing, compression and delivery.

3. Recognize the critical role that natural gas has to play in keeping the lights on: the more intermittent renewable energy comes on-stream, the greater the requirement for other energy sources which are capable of balancing them and guarding against a deterioration of supply security. Gas power plants are the best option available: they are reliable and flexible and in securing energy supply to keep citizens warm. With a fully integrated internal energy market, gas would be able to move freely throughout the

Tanzania, improve Tanzania's security of supply and contribute to greater energy efficiency.

4. Recognize the contribution of local company and investors. There is the need for local investors to invest in this new sector whether by themselves or government support considering the factors of the country being powerfully economically.
5. Support and facilitate more oil and gas exploration in Tanzania.

✚ Tanzania still holds significant potential country in East Africa for this new sector of Oil and Gas: Current conditions have seen TPDC exploration activities with the good initiative to develop our country in this new sector.

✚ To develop that untapped potential, we need predictable national fiscal and regulatory frameworks. While we should avoid unnecessary legislation, policies encouraging the role of oil and gas in the future Tanzania energy mix can help to trigger more investment – for the benefit of Tanzania's security of supply, industrial competitiveness and economic growth.

We hope that these few points will help to enrich the discussion. We believe that they would move the Tanzania closer to reaching its goals, without drifting us & local investors away from the objective of a prosperous and sustainable. My team and I remain at your disposal for any further clarification you may want on any of these issues.

Respectfully,
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