American and African Oil and Gas Players propose regulatory measures to ensure sustainability in response to covid-19 and beyond

In response to the current global COVID-19 pandemic and the associated crash in the price of oil, the African Energy Chamber (AEC) and the IAGC have proposed a number of mitigating measures on behalf of the oil and gas industry. These measures are intended to mitigate the expected loss of jobs and abandonment of erstwhile viable projects in the African oil and gas sector in the face of a global recession.

Whilst African oil producers might not be able to change the current market and global health dynamics individually, they have the ability as regulators to positively influence the business environment in their respective countries with common sense policies. It is this ability to mitigate the negative effects of the global crisis, that the AEC and the IAGC are calling on governments to put to use.

The AEC and the IAGC are calling on African governments to take swift action to ensure stability in the African oil and gas industry, especially in the geophysical & exploration (G&E) sub sector, in order to maintain a pipeline of projects that will maintain or even increase output levels. Ultimately, African countries continue to depend on revenue generated from the sector, jobs created by the sector for, affordable energy from the sector and the ability to generate one’s own energy needs.

These demands are in-line with the recently released Common-sense Energy Agenda for Africa released by the AEC and available on www.energychamber.org. Such key demands and measures notably include waiving taxes on service companies for six months; waiving withholding taxes, especially for not resident companies, for six months; urging banks to provide no interest loans and loan guarantees for local service companies with ongoing projects with IOCs; granting extensions on all exploration projects for 24 months; extending the non-exclusive geophysical data confidentiality periods to a minimum of 15 years where such is not already in place; waiving part of the work project commitments for exploration companies; setting up and implement government and private sector discussions on revising some of the fiscal terms in the PSC that make it difficult for explorers to meet commitments in today’s market environment and aid capital fundraising; cutting in half (50%) fees due to the state like training funds, surface rental, social projects etc.; bring champions of the industry by encouraging various farm-in and farm-out discussions on current licenses; ensuring state backing on midstream projects so FID’s are not cancelled; making diversification of the economy a priority; looking at local content measures that are not working and try to encourage or implement a more regional African content approach; and considering cutting departmental spending and reduction of unnecessary travel expenditure.
“As the voice of the African Energy industry and it is at the core of our mandate to fight for the comeback of the African Energy industry post Covid 19 and the price war, by making practical proposals on how to navigate the current crisis. We are bullish by the response so far from many African oil producers that include adopting some of our proposals above. However, we call for everyone to continue doing more. Our American friends from the IAGC have been a strong and steadfast ally in helping us make a case for Africa and its energy sector” said NJ Ayuk, Executive Chairman of the African Energy Chamber.

On her part, Ms. Nikki Martin, President of the IAGC highlighted the importance of the geophysical and exploration (G&E) industries in maintaining a stable energy industry. “National Authorities should be working to maintain expected timelines for licensing rounds, including all review periods and award announcements which contribute to business certainty and a stable pipeline for future oil production. Energy security for the continent will only be ensured with continued exploration,” she said. “The G&E industry provides the key to unlocking energy resources that will allow for rebuilding economies when the COVID-19 virus has run its course, however, in order to rebuild, there must be a viable energy industry when that time comes.”

**About the IAGC**

Founded in 1971, the IAGC is the global trade association for the geophysical and exploration industry, the cornerstone of the energy industry. With more than 80 member companies in 50 countries employing an estimated 87,000 people with revenues exceeding 11.5 Billion (USD), Membership includes onshore and offshore survey operators and acquisition companies, data and processing providers, exploration and production companies, equipment and software manufacturers, and industry suppliers and service providers. IAGC member companies play an integral role in the successful exploration and development of offshore hydrocarbon resources through the acquisition and processing of geophysical data.

**About the African Energy Chamber**

The African Energy Chamber is the voice of the African energy industry and represents companies and organizations in the upstream, midstream and downstream sectors of the energy business in Africa.