

Tanzania LNG project makes progress

Tanzania has opened 2016 as a serious contender to Mozambique Gas reserves, and the banter of 2015, pitting the two countries together in a race to come on stream first.

Recent Tanzania market developments include:

- Land deal finalized for LNG project - TPDC acquired the title deed for about 2,000 hectares of land for the LNG Trains as well as gas processing projects. The government has also set aside another 17,000 hectares in surrounding areas for development of industrial parks that will purchase the gas from the facility.
- BG Group, being acquired by Royal Dutch Shell, along with Statoil, Exxon Mobil and Ophir Energy plan to build the onshore LNG export terminal in partnership with the state-run Tanzania Petroleum Development Corporation (TPDC)
- Domestic Gas market - Late last year, the TPDC's Director of Downstream Operations, Dr Wellington Hudson, said the corporation was in talks with an investor, Kamal Group of Companies, to extend the gas pipeline from Dar es Salaam to Zinga Special Economic Zone in Bagamoyo district, Coast Region. "The envisaged project is expected to cost US \$20 million dollars (about 40bn/-) and it will involve setting up of a power plant to generate 40MW and supply of natural gas for domestic use," Dr Hudson explained. The project will also include construction of a network of 6,500 kilometers of gas pipeline to supply gas to 30,000 homesteads in Bagamoyo district, according to Dr Hudson.
- Regulatory Framework - 2015 saw Parliament passing three legislations that touch directly on the country's oil and gas industry. These are the Petroleum Act, 2015; the Oil and Gas Revenues Management Act, 2015; and the Tanzania Extractive Industries (Transparency and Accountability) Act, 2015. All these have already been gazetted and are in force. This is such a milestone in that the new laws have consolidated and streamlined the regulation and control of oil and gas in the country
- LNG - Tanzania has said that it would not only be gaining capital gain tax payment when BG Group transfers its shares to Shell, but it would also be assured of a market for its liquefied natural gas (LNG). (Tanzanian authorities will be relying on the Income Tax ACT 2004)
- Labour Law - The Association of Tanzania Employers wants the law on employment of non-citizens to be reviewed as it is a burning issue which employers would love to see amended. "The law is at the risk of being labeled anti-foreign and stand to scare potential investors away; Employers would love to see more relaxed Labour, and Migration laws on foreigners working in the country," stated Dr Aggrey Mlimuka, the Executive Director of ATE
- Host Government agreements are now the only hurdle to cross before FID.

The Tanzania Oil and Gas Market Briefing takes place on the 16 & 17 March 2016 in Dar Es Salaam. The market briefing will provide updates on the Legal Framework, Projects for the construction, operation and management of liquefied natural gas (LNG) facilities in Lindi. Presentations will include key investment updates, development plan updates for the major projects, local domestic market project updates, contract developer updates and key legal updates. For more information, visit www.africaninfex.com

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