POLICY BRIEF

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Energy Security Concerns in Nigeria's Downstream Petroleum Sector: Need for Legislative Oversight of NMDPRA Import Licencing Decisions

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Executive Summary

The Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) has resumed the issuance of petrol import licences to six marketers, authorising the importation of approximately 180,000 metric tonnes of petrol. This decision follows a previous regulatory stance that Nigeria's domestic refining capacity was sufficient to meet national demand, leading to a temporary suspension of import licences in February 2026. According to the NMDPRA, the policy reversal was necessitated by short-term supply disruptions linked to geopolitical tensions affecting global energy markets. While presented as a stabilisation measure, the development has generated concerns among stakeholders regarding policy consistency and the long-term direction of Nigeria's downstream petroleum sector.

While the decision may address immediate supply pressures, it raises significant policy concerns. The apparent inconsistency between promoting domestic refining capacity and reopening large-scale fuel importation channels creates uncertainty for investors in Nigeria's emerging refining sector. There are also concerns regarding transparency in the licensing process, as the criteria for selecting the six marketers granted import permits have not been publicly detailed. In addition, questions remain about the robustness of quality assurance systems for imported petroleum products, with stakeholders warning of potential risks of substandard fuel entering the domestic market. Furthermore, increased fuel importation may heighten foreign exchange demand pressures and contribute to volatility in pump prices, with broader implications for inflation and economic stability.

The absence of a clearly articulated long-term import and refining transition framework risks undermining investor confidence and weakening Nigeria's energy security objectives. Frequent policy shifts in the downstream sector may also discourage investment in domestic refining infrastructure and slow progress toward reducing dependence on imported petroleum products.

Given the strategic importance of the petroleum downstream sector, the National Assembly has a critical oversight role to ensure policy coherence, transparency, and alignment with national energy security goals. Legislative engagement is necessary to safeguard domestic refining investments, protect consumers from substandard products, and ensure that regulatory decisions are guided by clear, evidence-based criteria.

Accordingly, the National Assembly, through its Committees on Petroleum Resources (Downstream), Petroleum Resources (Upstream), and Legislative Compliance, may consider the following actions:

- Invite the NMDPRA, petroleum marketers, domestic refiners, and relevant stakeholders to provide a detailed briefing on the rationale for the resumption of petrol import licences.
- Request disclosure of the criteria and processes used in selecting the six licensed importers to ensure transparency, fairness, and regulatory accountability.
- Examine the alignment between current import licensing decisions and Nigeria's domestic refining strategy, including implications for investor confidence in local refining projects.
- Assess existing petroleum product testing, certification, and monitoring systems to strengthen safeguards against substandard fuel imports.
- Evaluate the macroeconomic implications of renewed fuel imports, particularly foreign exchange demand and downstream price stability, within the context of national energy security objectives.

Background:

The Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) has recently been reported to have resumed the issuance of petrol import licences to six marketers, authorising the importation of approximately 180,000 metric tonnes of petrol[1].

This decision follows an earlier regulatory position that Nigeria's domestic refining capacity, supported by emerging private refining investments, was sufficient to meet national demand, leading to a temporary suspension of import licences in February 2026[2].

The policy reversal, according to the NMDPRA, was reportedly triggered by short-term supply disruptions linked to geopolitical tensions affecting global crude and refined product supply chains[3]. While the NMDPRA has framed the decision as a temporary stabilisation measure, stakeholders, including the Energy Transparency and Market Justice Initiative, have raised concerns about policy inconsistency, regulatory uncertainty, and potential risks to domestic refining growth[4].

This development comes at a time when Nigeria is attempting to strengthen local refining capacity and reduce dependence on imported petroleum products as part of broader energy security and economic diversification objectives.

Issue:

The resumption of petrol import licences raises key regulatory and policy concerns,

[1] The Nation. (2026, March 26). NMDPRA's fresh import licences will undermine local refineries — Energy Transparency group. https://thenationonlineng.net/nmdpras-fresh-import-licences-will-undermine-local-refineries-energy-transparency-group/

[2] Addeh, E. (2026, March 12). Dangote: NMDPRA Still Issuing Fuel Import Licences Despite to the Contrary. This Day. https://www.thisdaylive.com/2026/03/12/dangote-nmdpra-still-issuing-fuel-import-licences-despite-to-the-contrary/

[3] Ibid

[4] Ibid

particularly regarding consistency, transparency, and long-term sectoral planning.

1. There is an apparent policy inconsistency between promoting domestic refining capacity and simultaneously reopening large-scale fuel importation channels. This creates uncertainty for investors in local refining infrastructure, including major private sector refiners.

2. Concerns have been raised about the adequacy of quality assurance and monitoring systems for imported petroleum products, with stakeholders warning of potential risks of substandard fuel entering the domestic market[5].

3. The decision may have broader macroeconomic implications, including increased pressure on foreign exchange demand and potential upward pressure on landing costs, which may ultimately affect pump prices.

4. The absence of publicly detailed criteria for licence issuance raises questions about transparency, regulatory accountability, and alignment with Nigeria's long-term energy security strategy.

Rationale for Legislative Actions:

Given the strategic importance of the petroleum downstream sector to Nigeria's economy, energy security, and inflation dynamics, legislative oversight is essential to ensure policy coherence and protect national interest.

The National Assembly has a duty to ensure that regulatory decisions by the Nigerian Midstream and Downstream Petroleum Regulatory Authority:

- Align with national energy security and industrialisation goals
- Do not undermine domestic refining investments.
- Are based on transparent, evidence-driven criteria
- Include strong safeguards against product quality risks.
- Are consistent with long-term policy stability required for investor confidence

Without legislative scrutiny, frequent policy reversals may create uncertainty in the downstream petroleum sector, discourage investment in local refining, and expose consumers to avoidable economic and safety risks.

Recommendations to the National Assembly:

The National Assembly, through its Senate and House Committees on Petroleum Resources (Downstream), Petroleum Resources (Upstream), and Legislative Compliance, is respectfully urged to:

1. **Invite** the leadership of the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA), petroleum marketers, domestic refiners, and relevant civil society stakeholders to provide a comprehensive briefing on the rationale behind the resumption of petroleum import licences.

[5] Taoheed, A. (2026, March 12). Local refining under threat as PMS imports persist, says Dangote. *Nigerian Tribune*. https://tribuneonlineng.com/local-refining-under-threat-as-pms-imports-persist-says-dangote/

2. **Request** full disclosure of the criteria and processes used in selecting the six marketers granted import licences, with a view to ensuring fairness, quality control, and effective compliance monitoring.

3. **Examine** the extent to which current import licensing decisions align with Nigeria's broader domestic refining agenda, and assess their implications for investor confidence in local refining projects.

4. **Request** from NMDPRA the existing petroleum product testing and certification systems, with the aim of proposing stronger enforcement mechanisms against substandard fuel imports and reducing discretionary policy reversals that could undermine market stability.

5. **Evaluate** the implications of renewed petroleum product imports on foreign exchange demand and downstream pricing stability, ensuring alignment with national economic resilience and energy security strategies.

Conclusion:

The decision to reintroduce petrol import licences highlights a critical tension between short-term supply management and long-term energy security objectives in Nigeria's downstream petroleum sector.

Legislative oversight by the National Assembly is essential to ensure regulatory consistency, protect domestic refining investments, safeguard consumers from substandard products, and maintain confidence in Nigeria's energy transition agenda.

A structured engagement with all stakeholders can help prevent policy fragmentation and ensure that emergency interventions do not undermine long-term national economic interests.

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