LPG MARKET STUDY 2016

Contents

INTRODUCTION

The Secretariat of the Gambia Competition and Consumer Protection Commission (GCCPC), a statutory body established to enforce the Competition Act 2007 and administer the Consumer Protection Act 2014, conducted a market study of the LPG sector in line with section 15 (k) of the Competition Act 2007. The Competition Act gives the Commission the powers to study the existing markets and make policy recommendation to government where necessary in order to create a level playing field. The purpose of the study is to have an in-depth knowledge about the sector and determine if the operations of market players contravened any provisions of the Competition Act 2007, and the extent to which the goods and services suppliers/players provide are favorable to or adverse to consumers interests.

The decision to study the Liquefied Petroleum Gas (LPG) stems from the growing usage of LPG by consumers as substitute for traditional fuels like charcoal and firewood. LPG is used solely as a cooking fuel in Gambia. It is not only easier to use but is less time consuming and more environment-friendly. Most modern residential and commercial properties in the Gambia now have inbuilt kitchens which makes LPG the only choice for its occupiers.

The growth of the LPG market over the years has not only lessened the rate of deforestation; but has also created opportunities for entrepreneurs to venture in. Thus the sector needs to be highly competitive for economic efficiency and consumer welfare purposes. The aim of this study is to critically analyze the market, identify competition issues and advise government accordingly on how to make the sector more competitive.

The study looked at the general state of competition; Gambia's pricing determination and mechanisms as compared to countries in the sub region, the legal and regulatory framework and government intervention in the sector in recent years.

I. STUDY METHODOLOGY

The study was informed by primary and secondary sources. The primary research included data collection on prices of LPG throughout the Greater Banjul Area, personal interviews with the sole importer, and seven major wholesalers. Information was also gathered from Gambia Import and Export Promotion Agency (GIEPA) and Gambia Revenue Authority (GRA) to inform the study and determine if the businesses in the sector enjoyed any incentives or tax breaks. Secondary data was obtained from research on the internet about LPG sectors in the sub region, their market structures and dynamics, their prices and how they are determined. This was done with a view to finding out the prices and price determination mechanisms of LPG in countries within the sub-region to draw a comparison and suggest recommendations where necessary.

The study analyzed the market share of individual wholesalers for a possible monopoly situation. It also computed the market concentration using the Herfindahl-Hirschman Index (HHI) to determine the market structure. Major findings were highlighted and recommendations issued for possible solutions.

II. LIMITATIONS OF STUDY

The majority of the major wholesalers exhibited reluctance in providing data in regards to their sales / revenue figures or amount of purchases made. The Commission found it difficult to obtain prices of LPG from the other countries. These factors delayed the study.

PRICE DETERMINATION

The purpose of this section is to highlight the prices of LPG in the Gambia and its administrative regions as compared to few countries in the sub region. It also compared the factors that determine the LPG prices in the Gambia and countries in the sub region.

a. National Pricing

The LPG market in The Gambia is still at its infant stage. LPG was firstly introduced in the Gambia as a project in the early years of 1980s and then in 1990 as Regional Butane Project under CILSS Gas Project. During that time, The Gambia's main source of LPG was from Senegal which was accompanied with numerous setbacks ranging periodic shortages to foreign exchange vulnerability.

Before the advent of the regulated prices, the LPG market was an open market owing to the fact that there was no mechanism put in place to set a price formula, regularize and even monitor LPG prices in The Gambia. However, in 2015 the Ministry of Petroleum in collaboration with the wholesalers had a meeting which was intended to set a uniform price on both the wholesale and retail prices which eventually was approved by the Government. These national prices were expected to apply in all the administrative Regions in The Gambia. However, the monitoring mechanism does not extend to other regions as it is concentrated in the Greater Banjul Areas (GBA) as well as the West Coast Region (WCR). For this reason, the price of LPG sold in the provincial areas is higher than the price in the GBA and WCR. The wholesalers add their transportation cost to the wholesale prices, it is sold on average for about D185 and D390 for the 3Kg and 6Kg respectively and the retailers sell it to the consumers on average about D225 and D450 for the 3Kg and 6Kg respectively. The 12Kg is not usually sold in the provinces.

Regulated LPG Prices

CATEGORY (Kg)	GOVERNMENT APRROVED RETAIL PRICES (D)	GOVERNMENT APRROVED WHOLESALE PRICES (D)	DIFFERENCES (D)
3	200	180	20
6	375	360	15
12	730	710	20

Table 1: Regulated LPG prices

Moreover, previous research in this sector revealed that the retailers in the border towns/ villages to Senegal prefer buying LPG from Senegal as it is a lot cheaper compared to the regulated prices and closer in terms of proximity.

The enforcement mechanism is yet to be fully effective in that some retailers are not adhering to the prices due to lack of sanctions stipulated in the directive for violators.

b. Comparative Study Across Country/Region

THE GAMBIA LPG MARKET AGAINST OTHER WEST AFRICAN COUNTRIES

The LPG sector in The Gambia like other LPG importing countries in West Africa (Guinea Bissau and Mauritania) is regulated by government. Like Mauritania the LPG sector in The Gambia is regulated by the Ministry of Petroleum whilst in Guinea Bissau it is being regulated by the Ministry of Natural Resources and Industry.

The price of LPG is $1.58 per Kg in The Gambia as at June end 2016. Mauritania registered the lowest price with $0.96 per Kg whilst Guinea Bissau recorded the highest, $1.69. According to the article by the Oxford Institute for Energy, West African countries are classified into importing and producer countries. Producers and exporters include countries such as Senegal, Ghana and Ivory Coast whilst importing countries are Guinea Bissau, The Gambia and Mauritania. Senegal even though they produce LPG most of their LPG is primarily from imports. Local production is available from the local refinery in Senegal, but it is small compared to the total market requirements of the country. The local refinery is jointly owned by the government and private oil marketing companies.

Senegal serves as a substitute market for Gambia LPG consumers living along the border lines with Senegal. LPG cost $0.98 per Kg in Senegal compared to $1.58 per Kg in The Gambia. As a result consumers in the bordered villages/towns source LPG from Senegal given the prices. It is important to note Senegal has four major firms (Shell, Total, Mobil, and Elf) that import LPG complementing the local refinery whilst The Gambia has only one importer (EAGL) with no local refinery. Hence the level of competition is stiffer in Senegal than The Gambia.

MARKET STRUCTURE

I. VALUE CHAIN

Below is an illustration of the value chain of LPG in the Gambia.

Importer → **Major Wholesalers** → **Middlemen** → **Retailers** → **Consumers**

Importer (Euro African Group Limited)

The Gambia does not produce liquefied petroleum gas (LPG); it imports it from mainly Holland. Euro African Group Limited is a privately owned company and is currently the only importer of LPG. It imports the LPG and stores it at the Gam Petroleum depot in Mandinaring. EAGL has 42% of shares in Gam Petroleum whilst The Gambia Government owns the remaining 58%. The depot has a storage capacity of 800 metric tonnes for LPG. They sell LPG in bulk to wholesalers and it is transported by LPG tank trucks. Currently all wholesalers have their own filling stations where they fill their individual cylinders independently.

EAGL had a monopoly on the importation since their existence in 2009, when Government gave them the exclusive rights to be the sole importers. In mid-2014 it was proclaimed that the Government liberalised the importation of LPG, by allowing other companies to import. However, the importation cannot be done by land. Historically, when the market was liberalised before the existence of EAGL, most of the importations were done by land from neighbouring Senegal. The law pertaining to the liberasation of the LPG importation was assented to in 2016.

Major wholesalers

There are seven major wholesalers of LPG, they are all privately owned companies and currently employ a total of about hundred and fifty (150) people. They are GALP, Njegan, Hadim, Coringba, Jah Gas, Amina's Holdings and Native Gas. They have a wholesalers association in which all wholesalers are members except GALP but it is not as functional as expected. For the period under study GALP were key players in the sector but towards the end of 2016 they exited the LPG market and sold the LPG component (cylinders and LPG plant) of their business to ATLAS, who are now the newest players in the sector. The main role of the wholesalers is to buy LPG in tonnes directly from EAGL and resell them in cylinders to retailers, middlemen or at times consumers directly. They sell their LPG in 3 kg, 6kg and 12 kg cylinders for domestic use, and also sell larger categories in cylinders which are mainly used in the tourism industry (hoteliers and restaurants).

Besides Galp energia, none of the gas dealers has its own cylinder. They purchase unbranded gas cylinder from Senegal in which they fill in the gas. Upon purchase of gas, consumers deliver their own empty cylinder which is exchanged with the gas dealer's cylinder. Consumers can also go with their empty cylinders to gas dealers for filling.

Galp on the other hand has its own branded cylinder. All galp branded cylinders belong to Galp energia and consumers pay deposit for an empty cylinder. Upon purchase of gas, consumers deliver the empty cylinder for filling. Consumers can also return their Galp cylinders (in the event that they don't want the cylinder) for their deposits.

All other dealers accept unbranded cylinders from their competitors but Galp accept only their cylinders. The only way to differentiate their unbranded filled cylinders is the colour of their cylinder caps, as all of them have different colour caps.

Middlemen

The role of the middlemen is to buy the LPG cylinders from the major wholesalers and sell them to retail outlets. Some of the middlemen are also paid commission on sales made. Most of the middlemen are from the informal sector, unregistered and are very difficult to track. Not all major wholesalers use the services of middlemen, as some directly supply the retail outlets.

Retailers

The retailers are the last players in the LPG value chain. The**y** receive supplies from either middlemen or major wholesalers, and then sell it to the general public. They operate primarily through petrol stations, local corner shops and supermarkets. Some major wholesalers also do retailing.

II. MARKET SHARE

The market share is used to determine an enterprise's power within an industry which serves as a litmus test of dominant/monopoly situation under the competition Act 2007.

The table below shows the percentage each dealer holds in terms of total metric to purchase for the period under review.

Year	2015				2016	
Qtr	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
Amina	4%	2%	2%	2%	3%	5%
Corringba	1%	0%	0%	0%	0%	1%
Galp	89%	93%	93%	93%	91%	83%
Hadim	2%	1%	2%	1%	1%	2%
Native	3%	2%	2%	2%	3%	4%
Njegan	2%	1%	1%	1%	2%	4%
Total	100%	100%	100%	100%	100%	100%

Table 2: Market Share
Source: Author's computation using data from LPG Dealers' purchase statements.

The table above depicts the market shares of all major LPG retailers in The Gambia for the period under study. There existed a monopoly situation in all the quarters as defined by section 31 of the Competition Act 2007**,** which states that "*a firm with 30% or more market share in a particular sector is deemed to be in a monopoly situation*". Galp energia enjoyed a monopoly situation all through with significant market shares of 89% in quarter 1, 93% in quarter 2, quarter 3 and quarter 4 of 2015 and 91% and 83% in quarter 1 and quarter 2 of 2016 respectively. It is important to note that GALP has now exited the LPG market, and sold their LPG cylinders and plant to ATLAS.

III. MARKET CONCENTRATION

Market concentration is used to determine a market structure and the level of competition within an industry.

Below is a table representing market concentration of LPG:

Dealer/Qtr	1st Quarter of 2015	2nd Quarter of 2015	3rd Quarter of 2015	4th Quarter of 2015	1st Quarter of 2016	2nd Quarter of 2016
Amina	16	2	4	4	9	25
Corringba	1	0	0	0	0	1
Galp	7921	8649	8649	8649	8281	6889
Hadim	4	1	4	1	1	1
Native	9	4	4	4	9	81
Njegan	4	1	1	1	4	16
Total	**7955**	**8657**	**8662**	**8659**	**8304**	**7013**

Table 3: Market Concentration

The above table shows the calculated market concentration using the Herfindahl-Hirschman Index (HHI). The computed Concentration Index for the periods were **7,955, 8657, 8662, 8,659** for quarter 1, quarter 2, quarter 3, quarter 4 of 2015 and **8,304** and **7013** for quarter 1 and quarter 2 of 2016. Market concentration as measured by the HHI is divided into three regions that can be broadly characterized as unconcentrated (HHI below 1000), moderately concentrated (HHI between 1000 and 1800), and highly concentrated (HHI above 1800). This indicates that the LPG sector is highly concentrated for the period under review. It also implies that, Galp has the potential to influence price and quantity.

It is important to indicate that there is only one importer of LPG in The Gambia, EAGL. This makes the sector less competitive.

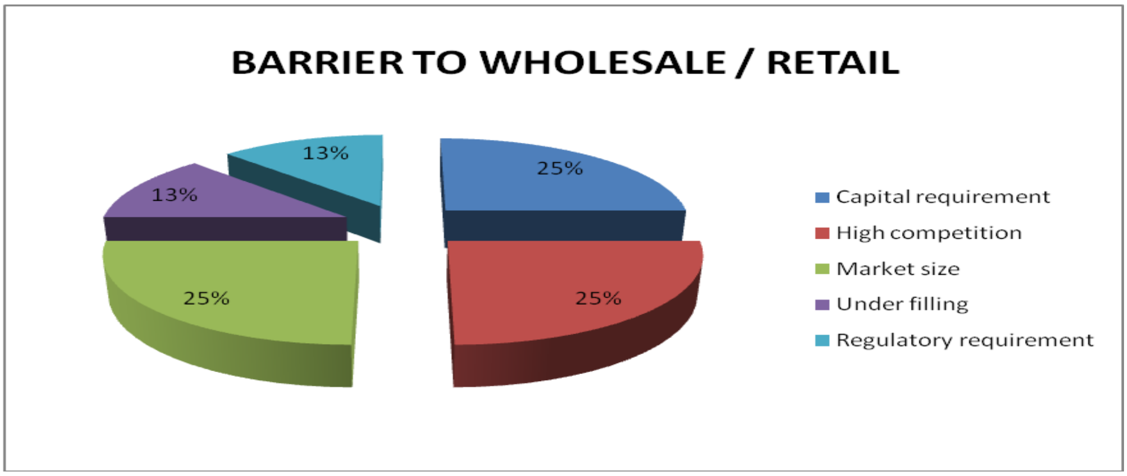
IV. ENTRY AND EXIT DYNAMICS

a. Barriers to entry

Wholesale / Retail level

Among the potential barriers to entry into the wholesaling / retailing of LPG in The Gambia, respondents highlighted capital requirement (25%), high competition (25%) and market size (25%) as their major barriers to entry. It is interesting to note that, 13% of the respondents indicated that some players under fill cylinders which enables them to reduce the quantity of LPG in each cylinder without the consumers knowing, thus makes it difficult for new entrants who fill their cylinders to capacity to compete. The regulatory requirement (13%) was ranked among the least barriers to entry in wholesaling / retailing as shown in the chart below.

Figure 1: LPG WHOLESALES POTENTIAL BARRIERS TO ENTRY



Below are explanations of some of these barriers in LPG wholesaling / retailing:

Capital requirement

A quarter of the respondents felt that capital requirements to start up were their major barrier. Cheap source of finance for the private sector has been a major problem for the Gambia over the years. With interest rates at times as high as 30% and stringent collateral requirements from banks has made it difficult for most of the major wholesalers to penetrate the LPG market. The LPG business is capital intensive, as it requires the wholesalers to have ample land, machinery and tank trucks.

Competition from established brands

At the time some of the major wholesalers were entering the market, 25% of the respondents stated that there were very strong brands of LPG which were household names in the Gambia, thus it was very difficult to enter the market, and compete.

Market size

25% of the major wholesalers lamented that the market size for LPG is too small as it is majorly concentrated in the Greater Banjul Area (GBA), so it was difficult to enter the market and get reliable clients.

Under filling of cylinders

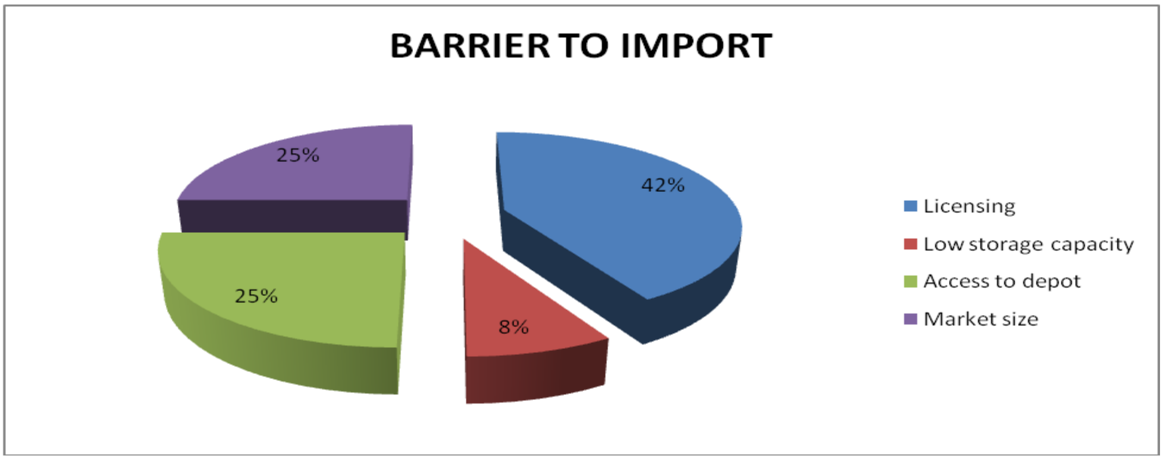
According to some major wholesalers (13%), at the time of entry there were a lot of businesses selling under filled LPG cylinders and this made it very difficult to compete.

Regulatory requirements

13% of the respondents stated that regulatory requirements were among the major barriers to entry. It is important to note that there has been inadequate legal / regulatory framework governing most of the activities of the businesses, thus there was lack of transparency on procedures and rules etc.

IMPORT LEVEL

Figure 2: LPG POTENTIAL BARRIERS TO ENTRY TO IMPORT



Source: ***Computed from filled questionnaires by respondents***

The chart above depicts that licensing is the major barrier to entry into LPG importation business, as 42% of the respondents lamented that access to import license frustrated their desire to import. Access to depot for storage was highlighted as an import barrier by 25% of the interviewees. The last major constraint was the limited size of the Gambian market, as 8% of respondents' highlighted this as a barrier.

Below are explanations of some of these barriers in LPG importation:

Obtaining license to import LPG (import license)

Lack of license to import has been a major outcry for wholesalers, such that 42% of them highlighted it as their major barrier. Since importation of LPG by sea has been liberalised, the major wholesalers are yet to penetrate that market. According to the Ministry of Petroleum, Government is still working finalising the processes and procedures needed to obtain a license for LPG. Some of the major wholesalers have expressed their interest in importing LPG by the sea, and are currently waiting for the government to finalise the processes and procedures required for them to apply for licenses.

Lack of access to store in the depot

25% of major wholesalers stated that one of their main concerns with regards to eventually importing is lack of access to depot. Most of them have at most 30 tonnes of storage capacity at their premises, so if they import they would need access to the depot for storage. Over the last year the Government has been working on liberalising the depot so that all players would have access to storing petroleum products at the depot at certain fees / charges.

Market size

Given the limited market size 25% of the respondents felt that it wouldn't be feasible to import LPG in bulk, there is often a minimum quantity requirement to be imported and some lamented that if they imported LPG in bulk form it would be difficult to sell it in the Gambian market.

Storage Capacity

8% of the respondents alongside EAGL believe that the depot with storage capacity of 800 metric tons is not big enough. According to EAGL the freight cost per metric ton is very high due to low importation volumes as a result of the small storage capacity in depot. This high cost of freight has led to the relatively expensive prices of LPG.

With the current storage capacity not adequate enough for the sole importer, how can it serve the possible competitors wanting to import? The liberalisation is good step in eliminating barriers to entry. However, it wouldn't fully address the storage barrier unless the storage capacity is increased. This increment will make the market more attractive for potential importers as they can now import in bigger quantities, enjoy lower freight cost and charge lower prices to consumers. The market will be more competitive and consumer welfare would be enhanced.

Capital requirement

Surprisingly capital requirements weren't among the major barriers highlighted by respondents. However through interviews, some of the major wholesalers stated that they may find it difficult to import LPG due to lack of adequate financing. Generally importing through shipment requires a minimum quantity to be bought and often the minimum quantity is high. This could serve as an entry barrier for small businesses, as they may find it difficult to meet quantity requirements. However, most of the major wholesalers stated that they were willing to seek new investors to make this prospect a possibility.

b. Barriers to exit

WHOLESALE / RETAIL

According to the major wholesalers, the main exit barrier in their path if/when they wanted to leave the market is high cost of investment, as they are yet to fully recover their cost of investment, and thus would incur major losses if they were to exit market at this point in time. Basically, they consider the costs of leaving to be higher than those incurred if they continue competing in the market.

V. LPG CONSUMPTION IN THE GAMBIA

The consumption of LPG, mainly as a cooking fuel, has also been falling over the period under review except for the 4th quarter of **2015** when there was a slight increment in consumption as shown in **Figure 3**. The highest LPG consumption occurred in the second quarter when a total consumption of **5,636** metric tons was recorded and the lowest was consumed in the 6th quarter (**3,024 metric tons**).

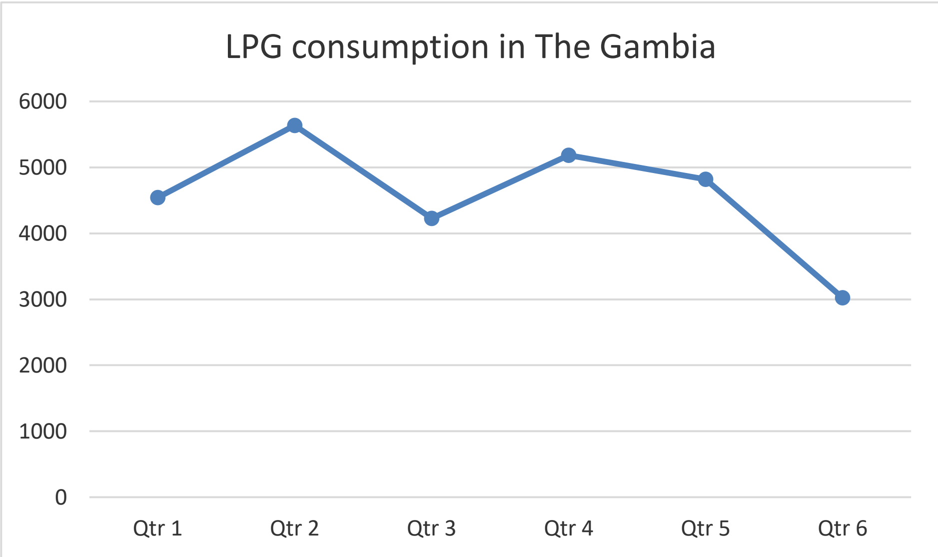


Figure 3: LPG consumption in The Gambia
Note: 5th and 6th quarters are in reference to the 1st and 2nd quarter of 2016

REGULATORY / LEGISLATIVE FRAMEWORK IN THE GAMBIA

The Ministry of Petroleum is responsible for all petroleum products in the Gambia. However this responsibility is shared with other Ministries and Agencies. The National Environment Agency (NEA) is responsible for environmental issues with regard to the sector, safety requirements are under purview Gambia Fire and Rescue Service (GFRS) whilst health issues are addressed by the Ministry of Health (MOH). The Gambia Standards Bureau (GSB) is in charge of setting mandatory standards of all products and services including LPG, but sector regulators make these standards technical regulations. According to the new Act, any person who wishes to be licensed to take part in the supply chain of petroleum products shall submit an application to PURA with additional authorisations from other competent authorities if and when required by applicable laws.

For many years the only legislation in existence in the Gambia for the regulation of Petroleum Sector was the Petroleum (Exploration, Development and Production) Act, 2004. There was no operative act or regulations governing the importation and selling of petroleum products. However, in December 2016 the Petroleum Products Act was passed, and it is to be enforced by the Public Utilities Regulatory Agency (PURA). One of the main reasons behind promulgation of this legislation as lucidly stated in the preamble to the legislation is "to encourage and protect fair competition in the petroleum products supply market."

I. EXISTENCE OF COMPETITION IN THE SUPPLY CHAIN

Section 18 of the Act elucidates and guarantees the existence and maintenance of fair competition in the supply chain. Section 18(1) provides that any person, whether Gambian or foreign, may participate in all or any activities of the supply chain, subject to this Act and any applicable laws. Supply Chain is defined under the Act as "all operations, activities, installations, equipment and other facilities directly or indirectly related to the petroleum products supply operations." It is also stated in section 18(2) that the minimum capital for any supply chain activity shall be determined by regulations. It is important that for the effective promotion and maintenance of fair competition that this minimum capital is not prohibitively exorbitant. If the minimum capital for participation in supply chain is exorbitant, it will inevitably become a barrier to entry in supply chain activity and distort competition. Section 19(1) of the Act provides that all petroleum products supply operations shall be subject to the Competition Act, 2007. Section 19(2) of the Act also prohibits all forms of anti-competitive conducts/behavior in the supply chain activity.

The Commission (GCCPC) has a very important role to play in the effective implementation of the Petroleum Product Act, 2016. In addition to its mandate of enforcing the Competition Act, 2007, and administering both the Consumer Protection Act, 2014 and Essential Commodities Act, 2015, the Commission is also tasked with the responsibility of monitoring the conditions of the market and business practices of licensees in the Supply chain under section 19(4) of the Act. This is in line with the Commission's mandate of giving directions and imposing sanctions on enterprises for their complicity/involvement in anti-competitive practices. It is also in line with Commission's mandate to advise on any action taken or proposed to be taken by the State or any public body that may adversely affect Competition in the supply of goods and services under section 15(i) of the Competition Act 2007.

Section 19(5) of the Petroleum Products Act asserts that the Minister (the Minister responsible for petroleum and petroleum products matters) could take any action as may be necessary in the public interest against any form of anti-competitive practice or any other act or omission contrary to section 19. This means that the Minister has a crucial role to play in the implementation of the provisions of the Act. The Act is silent on the issue of conflicting and concurrent jurisdictions. However, the solution to this problem lies in the provisions of section 35(1) of the Consumer Protection Act, 2014. Section 35(1) of the Act provides that "where there is a conflict between the provision of this Act and the provisions of any other written law with regard to matters concerning consumer welfare and the powers or function of the Commission or a Tribunal under this Act, the provisions of this Act shall prevail.

II. SHARING OF FACILITIES TO PROMOTE COMPETITION

Section 20 of the Petroleum Products Act 2016 imposes an obligation of negotiated access to unused capacities of third party facilities in order to promote competitive market in petroleum products. Section 20(1) of the Act Provides that " for the purpose of promoting the creation of competitive petroleum products market for licensees in the supply chain, the use of third party facilities shall be prescribed in Regulations." This will encourage new entrants who do not have the financial strength to provide the full cost of these facilities to hire the unused facilities by making reasonable financial offer and venture into the petroleum products market.

III. REGULATION OF PRICING

The Petroleum Products Act 2016 provides for the regulation of petroleum products. Section 24(1) of the Act states that the Minister responsible for petroleum and petroleum products matters, may in consultation with the Minister responsible for Finance, make regulations addressing the pricing rules that will apply in respect of certain categories of petroleum products. Section 24(2) provides that the regulations include provisions concerning: (a) the establishment of a pricing committee to monitor international petroleum products prices and advice the Minister responsible for petroleum and petroleum products matters accordingly (b) the price at which products in certain categories will be fixed (c) the classification of petroleum products into different pricing categories (d) the maximum mark-up that can be charged by different licensees in the supply chain and (e) rules for the variation of the fixed pricing.

Section 24(2)(b) and (c) conflicts with the provisions of section 25 of the Competition Act 2007 which prohibits price fixing. Competition will not be promoted and maintained if the state is involved in determining the price at which petroleum products in certain categories will be sold.

IV. MINIMUM STOCK (hoarding)

Section 14 of the Petroleum Products Act, 2016 imposes a legal obligation on each licensee to maintain a minimum stock level in order to avoid the creation of artificial shortage of petroleum products in The Gambia. Failure to adhere to the minimum stock level requirement can lead to suspension or revocation of license. Hoarding is also a violation of the Commission's three Acts, Competition Act 2007, Consumer Protection Act 2014 and Essential Commodities Act 2015. In the Competition Act 2017, hoarding is considered an abuse of dominance thus business has to be in monopoly position (at least 30% of a market by a single business or at least 70% of a market by three or fewer businesses) for hoarding to be considered illegal. With regards to the Essential Commodities Act 2015 the petroleum products are not deemed as essential commodities in the Gambia.

STATE SUPPORT / GOVERNMENT POLICY

In terms of incentives offered to all categories of businesses, The Gambia Investment and Export Promotion Agency (GIEPA) helps by providing the following:

- Corporate Or Turnover Tax- 30%
- Value Added Tax on imported Direct INPUTS- 15%
- Depreciation Allowance – 15%
- Import Duty on Capital Goods/ Direct Inputs- range 0%- 20%

According to GIEPA, currently EAGL and the major wholesalers do not have an incentive certificate or any kind of subsidy. Incentives would have been vital in helping reduce the price of LPG products and services, like Senegal has done few years ago. There are already traditional substitutes for LPG which are charcoal and firewood thus as long as prices of LPG remain high most of the populace will be reluctant to switch to LPG. Incentives and subsidies will perhaps help suppliers provide more affordable and high quality LPG products and services which will increase the LPG usage in the country and probably make the sector more competitive internationally.

OTHER FINDINGS

- There are not enough cylinders in the market, almost the cylinders in the Gambia (apart from Galp's) are from Senegal, most of which are very old, sub-standard and raises safety risks
- Only Galp utilize branded cylinders, the rest of the major wholesalers share cylinders within themselves
- Some of the major wholesalers wish to brand and import new cylinders however they stated that with lack of regulations in regards to cylinders they have no guarantees their investment will be worthwhile
- There are very few technical experts in the LPG field, most of the businesses have to recruit foreign experts and it is usually very expensive
- Some of the major wholesalers revealed that they are not satisfied with the standard and cost of services rendered to them by the sole importer (EAGL), and this they believe has resulted to them charging a relatively high price for LPG to

consumers.

Conclusion

The sector is still at its infancy stage but the Commission is confident that with the new Petroleum Products Act, 2016 which liberalised the market, competition will lead to the growth of the sector. The new Act aspires to encourage and protect competition in the sector and this will likely lead to the enhancement of consumer welfare. Major issues (supervision and monitoring of the importation, exportation, transportation, supply, storage distribution and lack of standards, health and safety requirements) constraining the sector's growth, have also been taken care of by the Act. The Commission found no anti-competitive behaviours in the sector; however it is still keenly monitoring the sector for competition and consumer protection violations given the liberalisation and intense competition that is expected in the coming years.

Recommendation

1. The price regulations to be removed now that the market is fully liberalised.
2. The GSB to collaborate with PURA, NEA and GFRS to set standards and technical regulations on LPG, with regard to cylinders, environmental, health and safety requirements.
3. PURA to ensure that all cylinders are fully branded with their own cylinder colours, logos etc and a cylinder exchange pool to be introduced.