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Nigeria

Market Structure

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FUELS AND REFINING / DOWNSTREAM MARKET PROFILE



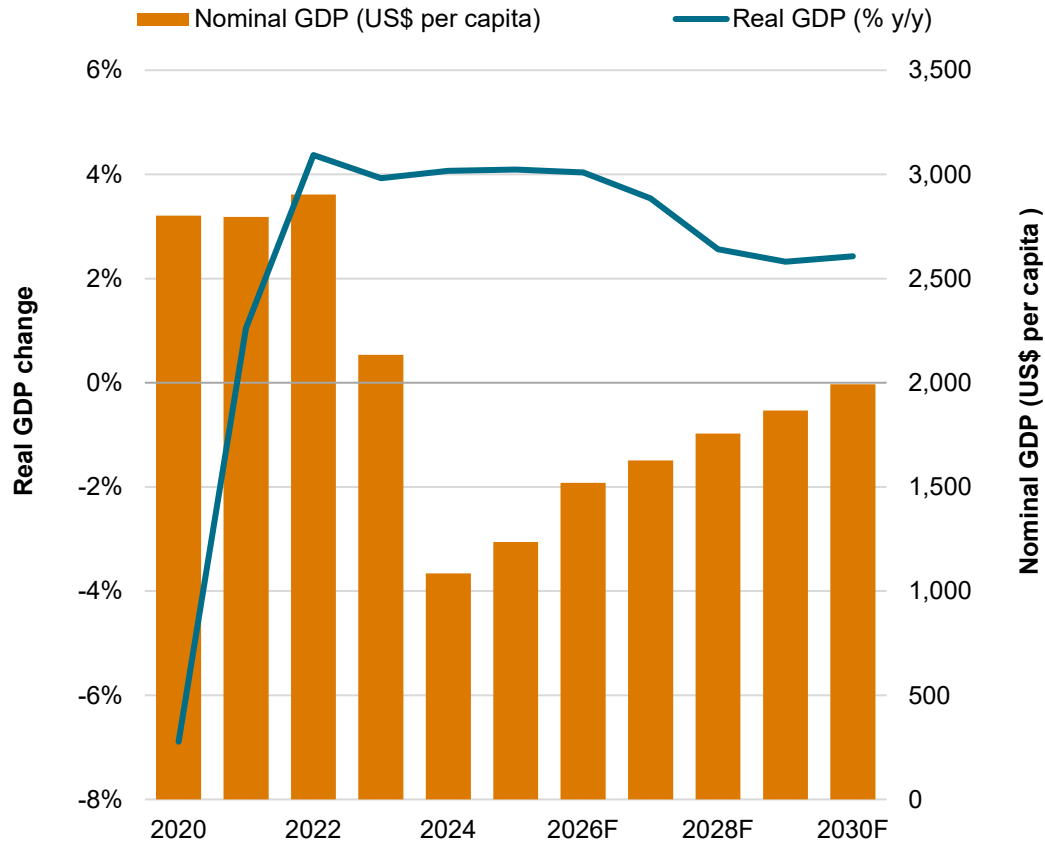
Economic overview

- Nigeria's real GDP is forecast to grow by 4.0% in 2026, supported by stable oil output, lower inflation, and increased government spending on infrastructure. The country might experience an upside like to the situation in the Middle East, driven by higher oil and LNG prices
- After recording historically high levels between 2023 and 2025, Nigeria's annual inflation rate is expected to drop to 12.5% in 2026, its lowest level since 2019, driven by high base effects and relative exchange rate stability.
- Nigeria is heavily reliant on its oil and gas industry, with the sector accounting for about 90% of the country's total export earnings and roughly 50% of government revenue, although efforts are ongoing to diversify the economy.

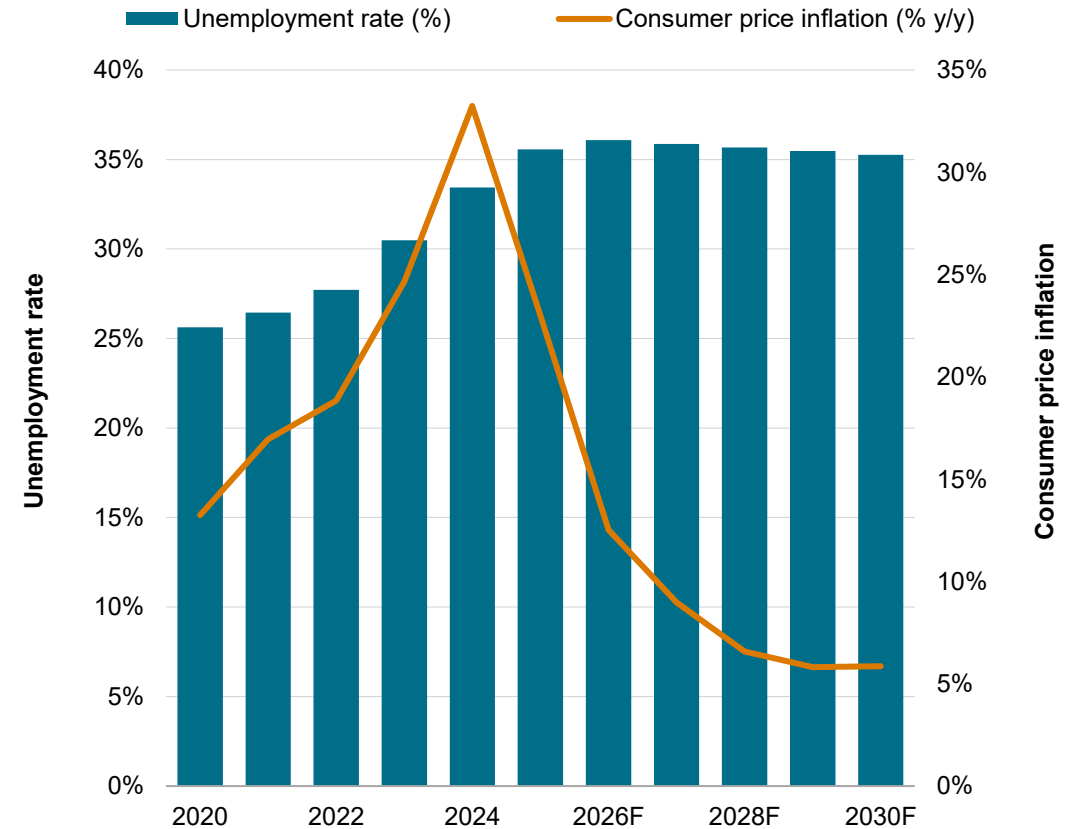
Economic overview

Nigeria's real GDP is forecast to grow by 4.0% in 2026, roughly the same as in 2025

Nigeria economic growth and per capita GDP



Nigeria unemployment and inflation

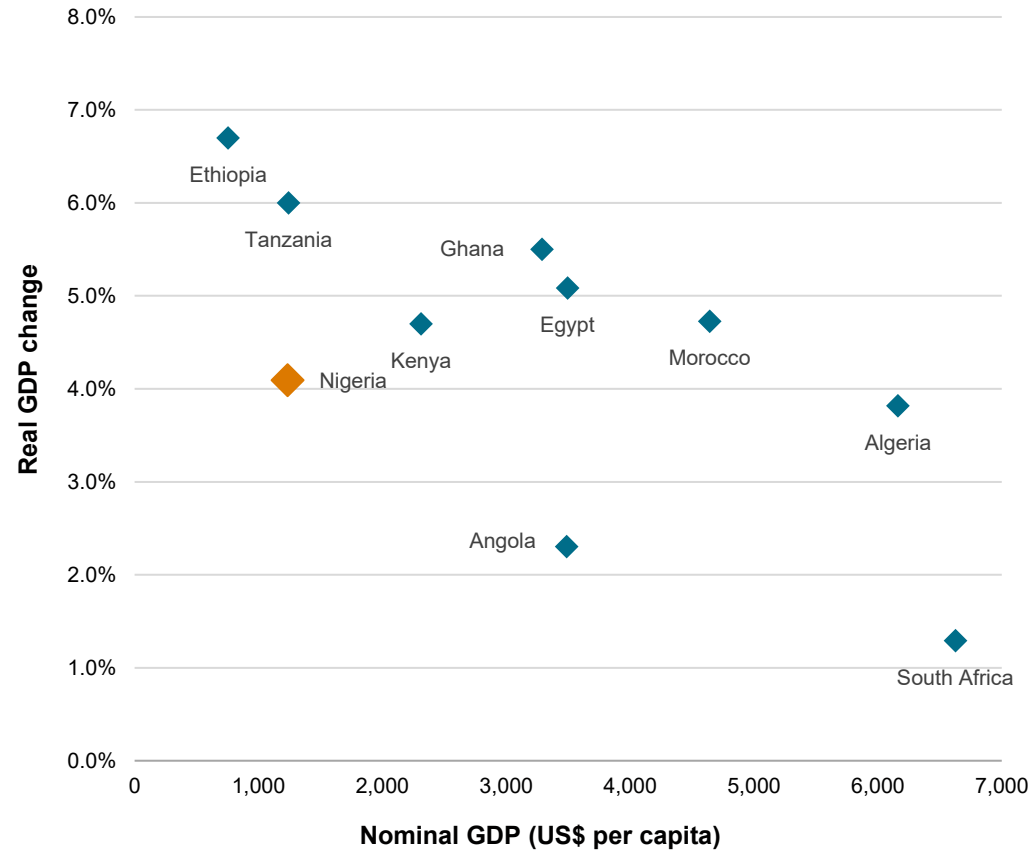


Data compiled February 2026.
Sources: S&P Global Market Intelligence; S&P Global Energy.

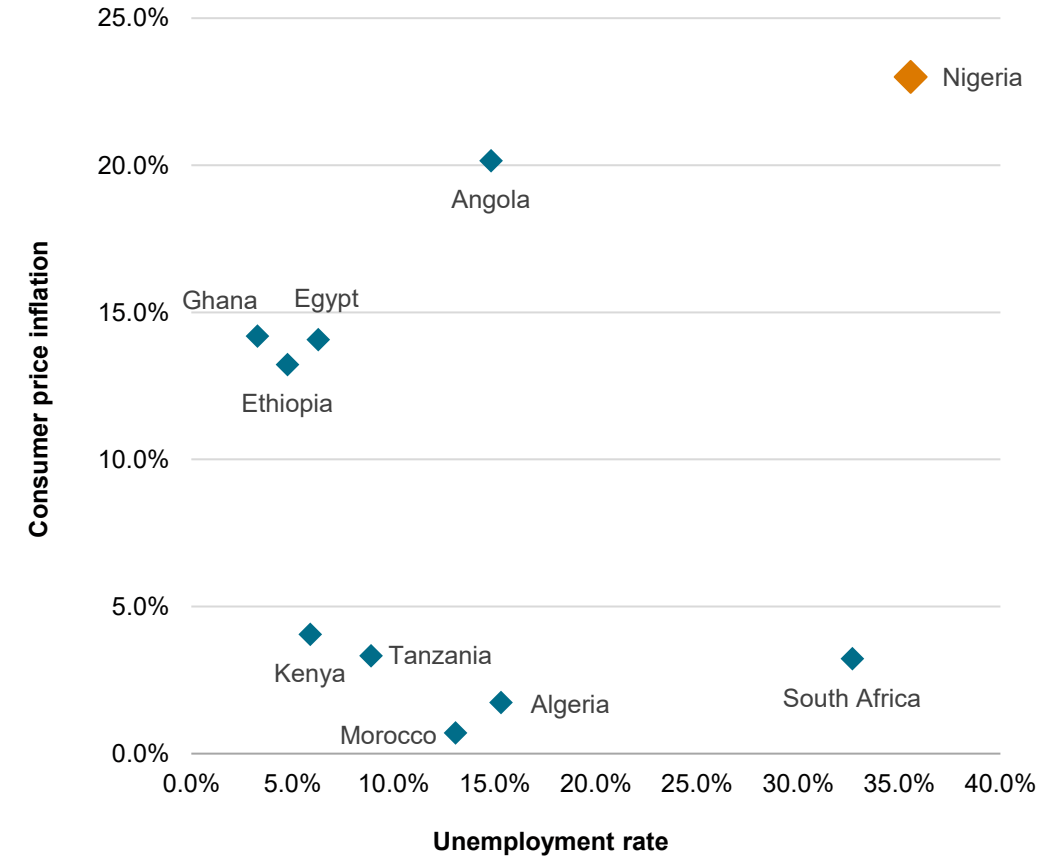
Economic overview

Nigeria's inflation and unemployment rates in 2025 were the highest among Africa's largest economies

Economic growth and per capita GDP: 2025



Unemployment and inflation: 2025



Data compiled February 2026.
Sources: S&P Global Market Intelligence; S&P Global Energy.

Economic overview

Annual inflation is expected to fall to single digits by 2027

Key economic indicators—Nigeria

Historical and forecast

	Historical					Latest	Forecast				
Indicator	2020	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F
Demography											
Population (million)	214.0	218.5	223.2	227.9	232.7	237.5	242.4	247.4	252.3	257.4	262.4
Population (% y/y)	+2.2%	+2.1%	+2.1%	+2.1%	+2.1%	+2.1%	+2.1%	+2.0%	+2.0%	+2.0%	+2.0%
Economic growth											
Real GDP (% y/y)	-6.9%	+1.0%	+4.4%	+3.9%	+4.1%	+4.1%	+4.0%	+3.5%	+2.6%	+2.3%	+2.4%
Industrial production (% y/y)	-10.9%	-2.8%	-3.4%	-0.1%	+2.8%	+4.8%	+3.4%	+3.2%	+2.5%	+2.2%	+2.0%
International trade											
Nominal trade balance (billion US\$)	-16.4	-4.6	6.0	8.1	13.2	16.6	18.6	24.3	27.5	31.3	33.2
Nominal trade balance (% of GDP)	-2.7%	-0.7%	0.9%	1.7%	5.2%	5.6%	5.0%	6.0%	6.2%	6.5%	6.3%
Personal income											
Nominal GDP (billion US\$)	599.6	610.9	647.8	486.3	252.5	293.4	368.5	402.6	443.3	480.4	522.8
Nominal GDP (US\$ per capita)	2,801.7	2,795.7	2,903.2	2,133.9	1,085.4	1,235.3	1,520.2	1,627.5	1,756.6	1,866.6	1,992.4
Consumer sector											
Unemployment rate (%)	25.6%	26.5%	27.7%	30.5%	33.4%	35.6%	36.1%	35.9%	35.7%	35.5%	35.3%
Consumer price inflation (% y/y)	+13.2%	+17.0%	+18.8%	+24.7%	+33.2%	+23.0%	+12.5%	+9.0%	+6.6%	+5.8%	+5.9%
Financial markets											
Exchange rate, US\$ (average)	356.32	398.24	423.30	645.77	1,476.26	1,517.71	1,424.15	1,509.28	1,567.19	1,630.85	1,690.19
Exchange rate, US\$ (year-end)	379.50	412.99	448.08	899.39	1,535.32	1,435.26	1,464.54	1,536.33	1,603.84	1,664.83	1,718.60
Exchange rate, EUR (year-end)	465.68	467.75	477.92	993.83	1,595.04	1,686.43	1,749.38	1,842.86	1,926.91	2,002.59	2,069.76



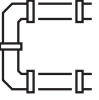


Data compiled February 2026.

Sources: S&P Global Market Intelligence; S&P Global Energy.

Regulatory overview

- The Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA), replaced the now-defunct Department of Petroleum Resources (DPR) in August 2021 as the petroleum industry's new regulatory body, focusing on midstream and downstream.
- Nigerian fuel prices have been deregulated since 2023, and pump prices are now fluctuating, linked to factors such as international oil prices and exchange rates.
- The Nigerian government is seeking to promote CNG vehicle conversions as a means to better exploit its underutilized gas reserves and cushion consumers against comparatively higher gasoline prices.

Regulatory snapshot

	Is private competition allowed?	Are there non-statutory barriers to private competition?	Does the government have a dominant position?
REFINING 	Yes. Private investors are free to build and own refineries in Nigeria.	No. There are no excessive non-statutory barriers to private competition.	No. NNPC, the NOC, does not have a dominant position in the refining sector.
IMPORTS 	Yes. The import segment is open to private competition.	Yes. Reliable access to foreign exchange.	Yes. NNPC is by far the largest oil product importer due to favorable access to foreign exchange and its ability to leverage its crude production in exchange for oil products (SWAP contracts).
MIDSTREAM LOGISTICS 	Yes. The midstream segment is open to private competition.	No. There are no excessive non-statutory barriers to private competition.	Partially but not decisively. The government, through NNPC's subsidiary NPSC, controls nearly all of Nigeria's pipeline network (most being out of operation) and about half of its non-refinery storage capacity.
FUEL WHOLESALE 	Yes. The wholesale segment is open to private competition.	No. There are no excessive non-statutory barriers to private competition.	No. NNPC used to have a dominant position in the wholesale segment as the de facto sole importer. However, its dominance has sharply declined over the past few years.
RETAIL 	Yes. The retail segment is open to private competition.	No. There are no excessive non-statutory barriers to private competition.	No. Nigeria's retail segment is dominated by privately owned OMCs, although NNPC is operating in the retail segment.

Data compiled February 2026.
Source: S&P Global Energy.

Regulatory overview

NNPC plays a central – although decreasing – role in Nigeria’s downstream industry

- The Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA), created in August 2021 as a result of the Petroleum Industry Bill (PIB), is Nigeria’s midstream and downstream regulatory body.
 - The NMDPRA was born through the merger of three now-defunct regulatory agencies: the Midstream and Downstream Divisions of the Department of Petroleum Resources (DPR), the Petroleum Products Pricing Regulatory Agency (PPPRA), and the Petroleum Equalization Fund Management Board (PEFMB).
 - The mandate of the Authority is to establish a progressive regulatory framework to optimize the petroleum sector and encourage investment.
- Nigeria’s National Oil Company (NNPC) is a powerful downstream player.
 - Oil Marketing Companies (OMCs) can own and operate midstream infrastructure in Nigeria, but NNPC controls the majority of facilities.
 - The NOC owns and operates four refineries and, through its subsidiary, the Nigerian Pipeline & Storage Company (NPSC), controls nearly half of Nigeria’s non-refinery storage capacity as well as all oil-product pipelines; but most of these refining and pipeline assets are not operational.
- The import segment is open to private companies; importers are required to obtain an import license from the NMDPRA.
 - However, recent communication from the NMDPRA indicates that it intends to issue gasoline import licenses sparingly going forward, primarily as a means to fill domestic supply gaps.
 - Conditions for issuing import licenses for products such as gasoil, jet fuel, and fuel oil are less stringent.
 - Historically, NNPC held the role of de facto sole importer of gasoline under Nigeria’s now-ended fuel-subsidy regimes, largely due to its privileged access to foreign exchange and its ability to absorb the impact of delayed subsidy repayments.

Downstream regulatory environment – Nigeria

Item	Present	Future
Price controls		
Gasoline	No	No
Gasoil	No	No
LPG	No	No
Other regulations		
Subsidies?	No	No
Imports free?	Yes	Yes
Midstream free?	Yes	Yes
Overall liberalization level	High	High
Barriers to entry level	Low	Low

- The removal of gasoline subsidies in May 2023 allowed some private players to gain a foothold in the import segment. However, NNPC’s privileged access to foreign exchange—relative to private marketers—and its ability to exchange crude supplies for refined products have enabled it to remain by far the largest importer.
- On the other hand, the streaming of Dangote refinery has strongly reduced the need to rely on imports to supply the market

Data compiled February 2026.

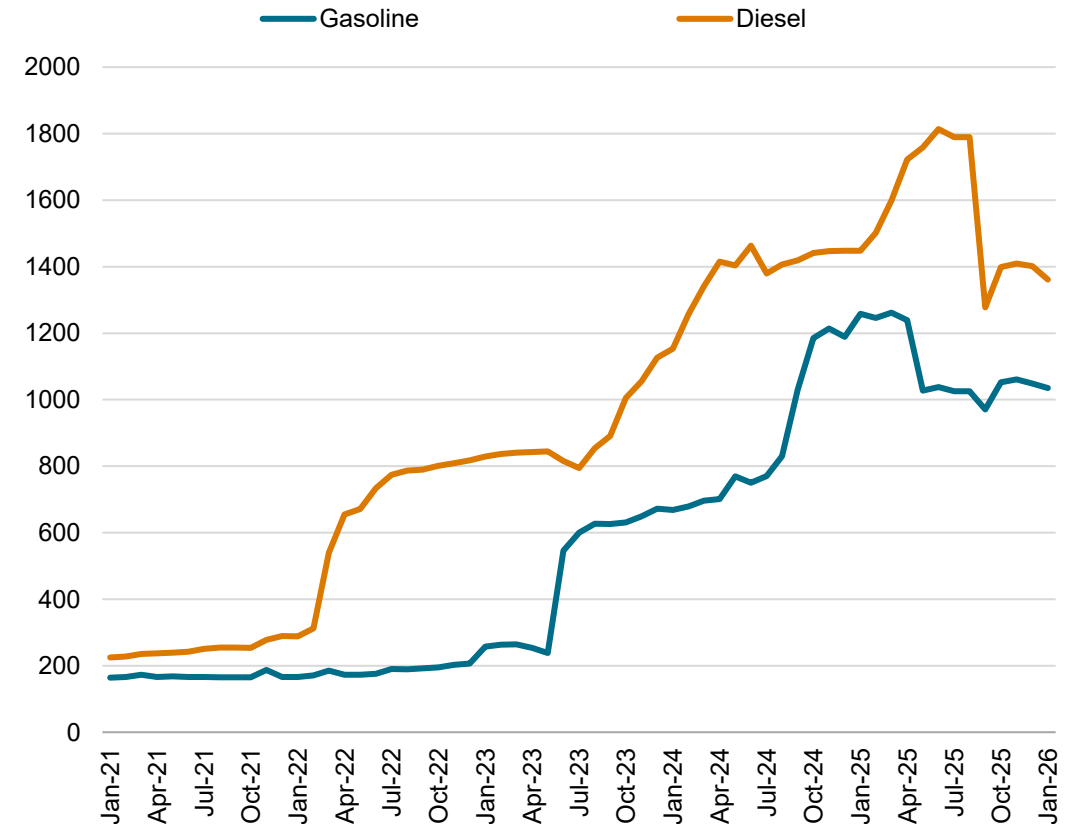
Source: S&P Global Energy.

Regulatory overview

In contrast to most African markets, gasoline and diesel prices in Nigeria are deregulated

- The Nigerian government officially ended fuel subsidies in May 2023, in line with its aim of reducing spending and liberalizing the downstream sector.
 - Historically, gasoline subsidies favored smuggling to neighboring countries, where fuel prices were much higher.
 - Smuggling activities nevertheless continue (at a lower pace since then), due to favorable arbitrage
- As of January 2026, the average retail price of gasoline in Nigeria was about NGN 1,035 per liter (US\$0.76), roughly 18% lower than in January 2025, while diesel was selling for around NGN 1,362 per liter (US\$1.00), about 9% lower than a year earlier.

Gasoline and diesel retail prices—Nigeria (NGN/liter)



Data compiled February 2026.

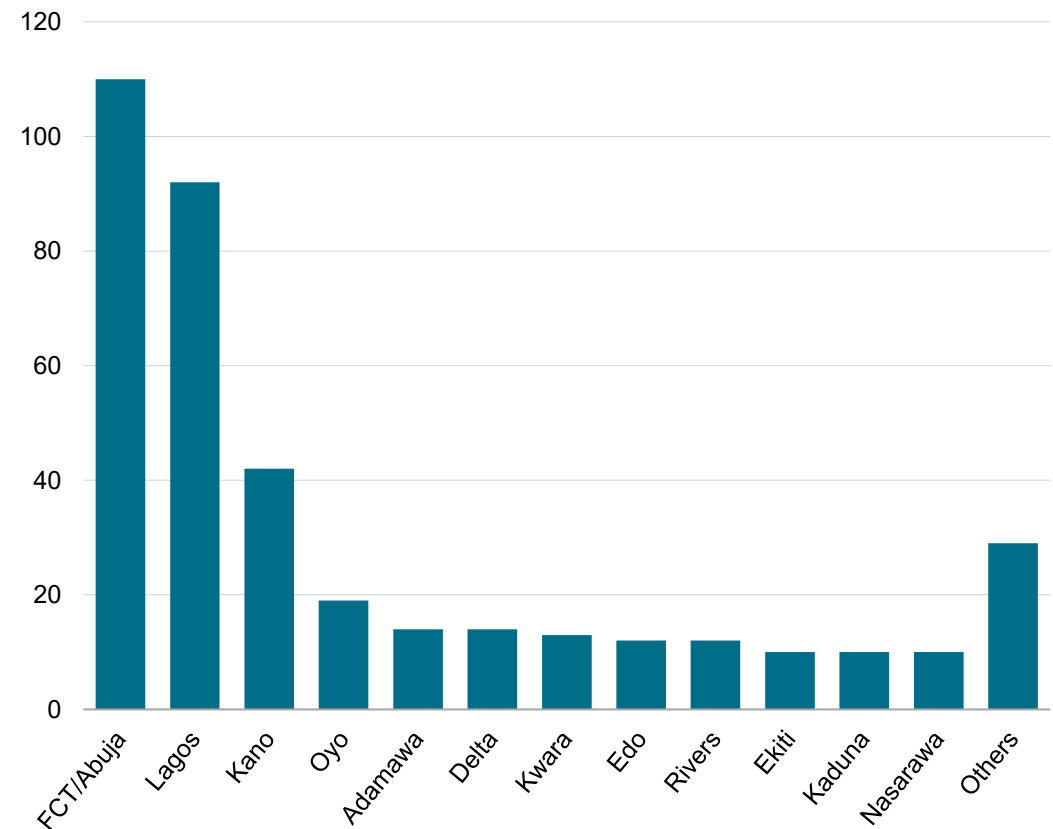
Sources: S&P Global Commodity Insights; National Bureau of Statistics; Nigeria (NBS); NNPC.

Regulatory overview

The government is banking on Compressed Natural Gas (CNG) to support its energy transition ambitions

- In October 2023, President Bola Tinubu launched the Presidential CNG Initiative (Pi-CNG) seeks to leverage Nigeria's abundant and underexploited gas reserves through the conversion of gasoline and diesel-powered vehicles into CNG-powered vehicles.
 - The initiative is targeting the commercial transport sector, with commercial buses, taxis and ride-hailing companies currently the program's focus group.
 - The program aims to convert 1 million vehicles to CNG by 2027; as of end-2025, over 100,000 vehicles had been converted according to Pi-CNG.
 - As of February 2026, there were 387 CNG conversion centers across 23 of Nigeria's 36 states, with 52% located in either Abuja or Lagos.
 - In February 2025, there were 195 CNG conversion sites across 17 states.
- The initiative has committed to offering either free or heavily discounted CNG conversions to eligible drivers based in the 11 states in which the program is currently active.
 - Under the program, union-registered taxi and commercial bus drivers are eligible for free conversions, while drivers operating under ride-hailing apps such as Bolt and Uber can get discounts of up to 50%.
 - Additionally, private drivers, who currently do not fall within the scope of the program, are also being encouraged to convert their vehicles to CNG through a Pi-CNG and government-led communication campaign, the main argument being that with CNG costs lower than gasoline and diesel, CNG-powered cars would be cheaper to operate.
- In August 2024, the government launched an official app (MyCNG App) to help users locate CNG fueling and conversion centers and benefit from discounts; the app also allows the government to track conversions and build a database.
- Although the program appears to benefit from substantial government support, widespread adoption of CNG remains uncertain in the short to medium term.

CNG conversion centers by location (number of conversion sites)



Data compiled February 2026.

Sources: S&P Global Commodity Insights; Presidential CNG Initiative (Pi-CNG).

Regulatory overview

Nigeria could soon become a majority 10 ppm market for both gasoline and diesel

- Illegal artisanal refineries, mostly located in the Niger Delta region, pose a threat to the country's finances, environment, and public health.
 - Operations to dismantle illegal refineries are frequent but have little effect, as they are promptly rebuilt.
 - In one of its more recent interventions, the Nigerian army dismantled 32 illegal refineries across the Niger Delta during operations conducted in February 2026.
- Nigeria's sulfur limits for gasoline and diesel have been capped at 50 ppm since June 2024, in line with the Economic Community of West African States' (ECOWAS) requirements.
- ECOWAS has been advocating for the adoption of AFRI-V fuel standards for more than half a decade, initially setting an implementation deadline for January 2021 before later extending it to January 2025.
 - As of February 2026, AFRI-V standards have yet to be fully implemented across ECOWAS member states, and Nigeria remains among the few markets in the sub-region to have already made the switch to 50 ppm motor fuels.
 - However, some imported products into Nigeria reportedly do not always meet the 50 ppm requirement, and systems to test fuel quality at the port of arrival are limited.
 - Due to the Dangote refinery's ability to produce Euro V-compliant fuels, Nigeria could become a 10 ppm majority market in the near term.
- In July 2025, the West African Regulators Forum (WARF) was established to harmonize fuel market standards across all member states, notably regarding fuel specifications.
 - The initiative is spearheaded by Nigeria's downstream regulator, NMDPRA.
- Adverse operating conditions are a substantial challenge for foreign and domestic investments in the downstream segment.
- Poor regulatory compliance, lack of foreign exchange, and uncertainty of payments, among other factors, discourage foreign OMCs from engaging in Nigeria's downstream sector despite the large size of the market and strong growth potential.

Retail fuel specifications

Nigeria lowered its sulfur limit for transport fuels to 200 ppm in 2024

Parameter	Unit	2021	2022	2023	2024	2025	2026	2027	2028	2029
Gasoline sulfur	ppm, maximum	1000	1000	1000	200	200	200	200	200	10
Diesel sulfur	ppm, maximum	3000	3000	3000	50	50	50	50	50	10

Data compiled February 2026.

For markets that have multiple fuel grades available, the one presented in this document is the one that accounts for the bulk of demand. This will not necessarily be the lowest grade fuel legally available in the market. Specification outlooks are based on a combination of official government announcements, combined S&P Global expectations. That is, S&P Global may forecast a future specification change even in the absence of a government decree - or may disregard an 'officially' planned change if judged unlikely to actually occur.

Source: S&P Global Energy.

Retail fuel specifications

Regional overview

Gasoline sulfur (ppm, maximum)	2022	2023	2024	2025	2026	2027
Nigeria	1000	1000	200	200	200	200
Benin	500	500	50	50	50	50
Côte d'Ivoire	150	150	150	150	150	150
Togo	2500	2500	2500	2500	2500	2500
Ghana	50	50	50	50	50	50

Diesel sulfur (ppm, maximum)	2022	2023	2024	2025	2026	2027
Nigeria	3000	3000	50	50	50	50
Benin	3500	3500	50	50	50	50
Côte d'Ivoire	3500	3500	3500	3500	3500	3500
Togo	10000	10000	10000	10000	50	50
Ghana	50	50	50	50	50	50

Data compiled January 2026.

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Source: S&P Global Energy.

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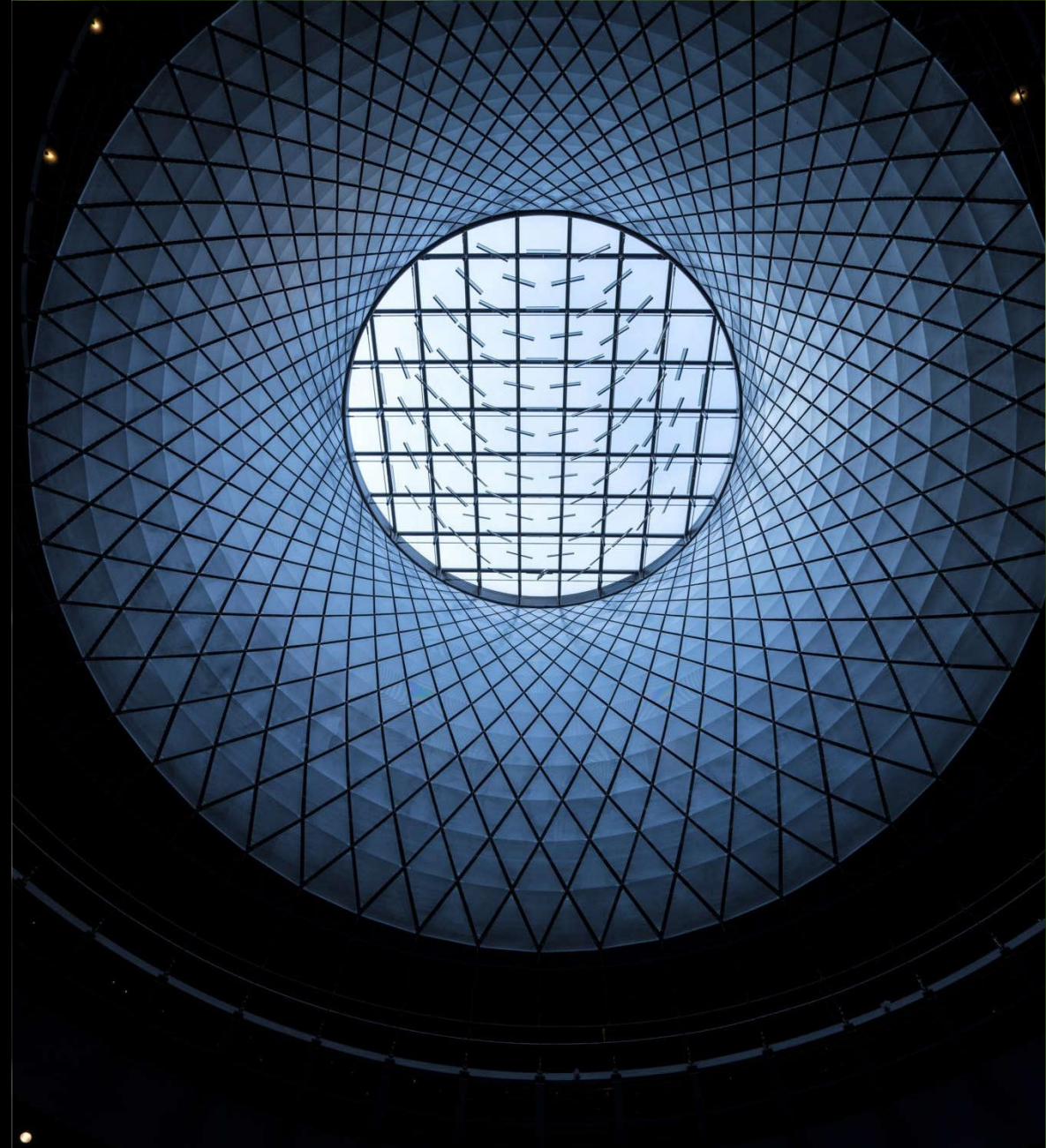
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