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CRUDE OIL SALES: SNH SAYS NO TO MANIPULATION

For several weeks, there has been a spate of unfounded claims circulating, that the National Hydrocarbons Corporation (SNH), the State-owned company responsible for developing the country's oil and gas resources, is selling off Cameroon's oil.

SNH strongly condemns these baseless claims, which aim to undermine the credibility of a Company whose leadership, under Mr Adolphe MOUDIKI, the Executive General Manager, has consistently prioritised the best interests of the State in a challenging business environment.

Despite the volatile nature of the international oil market, driven by supply and demand, SNH, which markets three types of crude oil, has occasionally achieved cargo sales prices above the Brent, its benchmark crude. Out of the 341 transactions completed between 2010 and 2023, 23% were concluded with a positive differential of up to 1%. Two-thirds were finalised with a negative differential of up to 5 dollars US per barrel, at worst, against reference prices ranging from 112 to 40 dollars US.

However, in 2020, like the oil industry as a whole, SNH felt the impact of the Covid-19 pandemic.

In the early months of 2020, numerous countries implemented measures to mitigate the pandemic's spread, such as lockdowns and travel restrictions, which triggered an unprecedented collapse in global crude oil demand. The resulting oversupply drove prices to levels unseen since 2002.

From January to April 2020, Brent crude oil's value plummeted by three-quarters, from 69 to 18 dollars US per barrel. The West Texas Intermediate (WTI), a key US benchmark, experienced a historic downturn, with prices falling to -40.32 dollars US on 20 April 2020, due to a lack of buyers and storage capacity.

SNH faced a similar predicament, constrained by storage limits and the looming threat of halting production amidst declining prices. Consequently, SNH was compelled to sell a cargo of 400 000 barrels of Ebome crude oil to Vitol at a 34% discount on a June 2020 delivery contract.

In any case, SNH wishes to reassure the public that this transaction represents to date, the sole instance of a cargo sold at such a discounted rate.

Visit our website for more information on this topic: www.snh.cm.

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