

AFRICA OIL+GAS REPORT · SUBSEA

NNPC Signs MoU with Chinese Firms to Complete and Operate Nigeria's State Refineries

Saga deep read · 04 May 2026 · Score 58

Nigeria's state hydrocarbon company, NNPC Ltd, has signed a Memorandum of Understanding with two Chinese firms — Sanjiang Chemical Company and an unnamed partner — to complete construction and assume operational management of Nigeria's long-troubled state-owned refineries. The agreement marks a significant strategic pivot for NNPC, which has spent decades and billions of dollars attempting to rehabilitate its refining infrastructure with limited success.

Nigeria operates four state refineries — in Port Harcourt, Warri, and Kaduna — with a combined nameplate capacity of approximately 445,000 barrels per day. In practice, utilisation has consistently hovered near zero for years, forcing Africa's largest crude producer to import the bulk of its refined petroleum products at considerable foreign exchange cost. Multiple rehabilitation rounds funded through domestic contractors and international financiers have failed to deliver sustained output, making the Chinese MoU a politically consequential bet on a new operational model.

Under the MoU framework, the Chinese partners are expected to bring both engineering completion capability and long-term operational expertise, effectively transferring day-to-day management of sovereign refining assets to foreign entities. This arrangement mirrors models seen elsewhere in Africa — including Angola and Chad — where Chinese state-linked industrial firms have taken equity or operational stakes in downstream infrastructure in exchange for financing and technical capacity.

The MoU remains a non-binding instrument, and full commercial agreements will need to be negotiated before any capital is committed or construction recommences.

The timing is notable. The Dangote Refinery, a privately financed 650,000 bpd facility near Lagos, has begun ramping up output and is reshaping Nigeria's downstream landscape. NNPC holds an equity stake in Dangote Refinery, creating a dual-track refining strategy — private mega-refinery plus rehabilitated state assets — that will test Nigeria's ability to absorb and distribute significantly higher domestic refining capacity. Whether the Chinese-managed state refineries can operate competitively alongside Dangote remains an open question.

For the broader Nigerian energy investment climate, the MoU signals continued government willingness to bring in non-Western partners on infrastructure that previous administrations considered strategically sensitive. It also underscores the persistent gap between Nigeria's upstream production prowess and its downstream processing weakness — a structural imbalance that has defined the country's energy economy for decades. Execution risk remains high: Nigerian refinery rehabilitation projects have a poor completion track record, and an MoU alone provides no guarantee of financing closure or construction progress.

Why this matters to partners and clients of Saga

Norwegian service companies should monitor this development closely, as refinery completion and commissioning work — including utilities, instrumentation, and process safety systems — represents potential contracting opportunities if the MoU advances to EPC stage. Companies with downstream engineering and commissioning experience could position for subcontract roles under the Chinese-led execution framework. At this stage, the non-binding nature of the MoU warrants watchful monitoring rather than active bidding.



YOUR SAGA CONTACT

Trond Kostveit

Partner, Africa Markets & Energy

PARTNER ANGLES

- **Service:** Process safety, instrumentation, and commissioning specialists could target subcontract packages under Chinese EPC leads once the MoU converts to binding contracts.
- **Pipeline:** Refinery rehabilitation will require product evacuation infrastructure upgrades — pipeline inspection and integrity service providers should assess the Port Harcourt and Warri logistics corridors.
- **FPSO:** Increased domestic refining throughput may shift crude allocation patterns, affecting offshore offtake agreements and FPSO cargo scheduling for operators active in Nigerian deepwater.
- **LNG:** Higher domestic refinery activity could tighten Nigeria's gas feedstock balance, with downstream gas supply contracts becoming relevant for LNG-adjacent service and infrastructure players.

[Original source: Africa Oil+Gas Report →](#)

Saga Advisory

Partner contact: trond@saga-advisory.com · General: info@saga-advisory.com · saga-advisory.com

STAVANGER · CAPE TOWN