

TANZANIAINVEST - ENERGY (TANZANIA) · NIGERIA

Dangote shifts \$16bn East Africa refinery bid to Mombasa

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Nigerian billionaire Aliko Dangote has signalled a preference for Mombasa, Kenya, over Tanzania's Tanga as the host site for a proposed 650,000-barrel-per-day oil refinery estimated to cost between USD 15 billion and USD 17 billion — a reversal that came less than three weeks after he publicly pledged to build the facility in Tanga. The shift, attributed to Mombasa's port depth, regional market size, and the need for policy protection against cheap fuel imports, underscores how quickly the calculus for mega-refinery investments in East Africa can change.

The proposed facility, if built, would rank among the largest refineries on the African continent. Dangote cited Mombasa's deeper harbour as a critical logistical advantage, arguing it would allow very large crude carriers to discharge directly rather than requiring lightering operations — a consideration that materially affects feedstock economics at the scale of 650,000 barrels per day. Market access was the second major factor: Kenya and its East African Community neighbours represent a large and growing refined-products consumer base that Dangote believes would underpin refinery economics. He also flagged the importance of import-protection measures, noting that without tariff or policy cover against subsidised or discounted fuel from third-party exporters, refinery margins would be difficult to sustain.

The Tanga location had attracted attention partly because of Tanzania's existing oil and gas infrastructure ambitions and its Atlantic-to-Indian-Ocean corridor positioning, but the port depth constraint appears to have been decisive. It is not yet clear whether Tanzanian authorities have formally responded to the change in preference or whether any binding commitments to Tanga were ever formalised. The

current instrument is a stated preference, not a signed agreement, a block award, or a project financing commitment. No final investment decision has been announced for either location.

For the broader East African energy landscape, the site-selection debate illustrates the infrastructure prerequisites — particularly port capability and regulatory frameworks — that determine where capital-intensive downstream projects land. A 650,000-barrel-per-day refinery of this scale would require enormous upstream crude supply chains, marine terminal infrastructure, product pipeline networks, and utility systems. Each of those represents a distinct procurement and engineering domain, but they remain speculative until a host-country agreement and project financing structure are in place.

Norwegian service companies should treat this as an early-watch item rather than an active procurement opportunity. The project has not reached FID, no EPC or FEED contract has been announced, and the site has not been confirmed. Monitoring Dangote's follow-on engagements with Kenyan government authorities and any formal MoU or concession agreement will be the appropriate next step before any commercial positioning.

Why this matters to partners and clients of Saga

This project remains at the stated-preference stage with no binding agreement, FID, or procurement process announced — Norwegian service companies should monitor rather than pursue outreach. If a host-country agreement and project financing are confirmed for Mombasa, the marine terminal and product-export infrastructure components would be the most natural entry points for Norwegian subsea and pipeline firms. Relationship-building with Dangote Industries' project development team and with Kenyan port and energy authorities is the appropriate action at this stage.

PARTNER ANGLES

- **Pipeline:** A 650,000-bopd refinery will require substantial product-distribution pipeline infrastructure; Norwegian pipeline engineering firms should monitor FEED announcements for potential design and supply roles.

- **Subsea/FPSO:** Marine terminal design for very large crude carrier access at Mombasa — the stated driver for the site switch — is a credible scope for Norwegian offshore marine and terminal engineering specialists, subject to project confirmation.
- **Drilling:** Domestic crude supply to a refinery of this scale in East Africa would likely require accelerated upstream drilling programmes; Norwegian drilling contractors should watch for linked upstream development tenders in Kenya or the region.
- **LNG:** Utility and energy supply for a refinery this size could incorporate LNG-based power or hydrogen feedstock solutions; Norwegian LNG technology providers should flag this project for long-term tracking once financing is confirmed.
- **Service:** Project management, HSSE, and commissioning services will be required at scale if the refinery proceeds; Norwegian well-services and industrial services firms should begin relationship-mapping with Dangote Industries' East Africa project teams now.

[Original source: TanzaniaInvest - Energy \(Tanzania\) →](#)

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