



## THE GLOBAL LPG PARTNERSHIP

### Five Essential Principles for Rapid and Sustainable LPG Market Development

<ul style="list-style-type: none"> <li>Implement and <u>enforce rigorously</u> effective, self-consistent LPG market rules, with central emphasis on property rights protection in marketer-owned LPG cylinders and on public safety</li> </ul>	<ul style="list-style-type: none"> <li>Rules:             <ul style="list-style-type: none"> <li>That reward safe, legitimate operators and suppress illegal operations through rigorous enforcement including rapid and sure detection, swift judgment, and unwaivable penalties which, together, make the cost of illegal behavior significantly exceed its profit</li> <li>That balance private sector competition and cooperation</li> <li>That focus business competition on the intensive retailing of LPG in cylinders</li> <li>That de-risk investment – especially in LPG cylinders (the largest single LPG asset category)</li> <li>That de-risk domestic LPG production and, where necessary, exporting into the domestic market for the selling supplier/trader</li> <li>That enable and require all value chain participants to have an economic stake in the value chain’s success</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>Ensure stability and continuity of the LPG fuel supply in all regions to be served</li> </ul>	<ul style="list-style-type: none"> <li>To build consumer confidence in the distribution system and in LPG availability</li> <li>To avoid business failure driven by shortages</li> <li>To obviate the need for scarcity-driven market rules that favor consumers but harm legitimate LPG companies and/or facilitate illegal operators</li> </ul>
<ul style="list-style-type: none"> <li>Implement stable, market-sustaining and -stimulating policies</li> </ul>	<ul style="list-style-type: none"> <li>That encourage private sector investment in, and safe management of, LPG cylinders</li> <li>That advantage (or do not disadvantage) LPG vs. energy alternatives such as charcoal, kerosene</li> <li>That incentivize LPG importing where domestic production is inadequate to support the market on a stable, continuous basis</li> <li>That balance necessary private sector profit with desired consumer benefit</li> <li>That encourage diverse, safe forms of LPG retailing, and the geographic expansion thereof</li> <li>That encourage institutional use of LPG in place of high-pollution fuels and unsustainable fuels</li> <li>That educate and inform consumers about LPG</li> <li>That limit non-household LPG uses (as for the transport sector) during the initial stages of market development, especially if LPG is subsidized or is taxed less than alternative energies</li> <li><i>Optional but desirable:</i> That help finance consumer up-front cash outlays for LPG equipment</li> </ul>

<ul style="list-style-type: none"> <li>• Ensure high LPG retail density</li> </ul>	<ul style="list-style-type: none"> <li>• Through the market rules' encouragement and incentivizing private sector competition and investment in LPG cylinder retailing</li> <li>• Goal: "As available as Coca Cola"—and in the same types of retail points as Coca Cola</li> <li>• Objective: a 5-minute walk for most consumers to be able to exchange their empty LPG cylinder for a full one (of the same brand), or, home delivery (where economically viable)</li> </ul>
<ul style="list-style-type: none"> <li>• Develop a consensus-based national master plan for coordinated LPG investments and interventions</li> </ul>	<ul style="list-style-type: none"> <li>• A credible national master plan coordinates across all other elements to enable:</li> <li>• Large numbers of new, long-term LPG customers to be created</li> <li>• The legitimate LPG companies and projects that will serve these customers to make enough money to survive, grow and reinvest—especially reinvest in safe LPG cylinders—over the long term</li> <li>• Safety and sustainability of the national system</li> <li>• With a sound master plan, interdependence within the LPG ecosystem becomes a virtue, and the ecosystem becomes significantly de-risked for major investment</li> </ul>

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