




#FuelSubsidy: The Dishonesty Continues 10 Years On

Since the 70s when Nigeria first introduced fuel subsidy as a response to the **oil price shock in 1973**, successive governments have maintained the subsidy while refusing to optimise the value derived from our God-given natural resources.

Despite the ongoing national conversation on fuel subsidy involving relevant stakeholders, and the assurance that it will not be removed until the 2012 Budget Year (April), **President Jonathan** surprised Nigerians by the announcement of the removal of fuel subsidy and the price rose from **N65/litre to N141/litre**. In many parts of Nigeria, it was higher.

January 1, 2012



The Nigeria Labour Congress (NLC), Trade Union Congress (TUC) and other organised labour groups joined citizens on the streets. Government offices were closed nationwide and economic activity was largely disrupted. This placed the labour leaders at a vantage point and they began negotiations with the federal government.

January 9, 2012

Active citizens under the aegis of **#OccupyNigeria** protested the price hike in different parts of Nigeria.

January 2, 2012


President Jonathan reduced fuel price to **N97/litre** and organised labour suspended the strike.

January 16, 2012


Muyideen Mustapha Opobiyi was killed by security forces in Ilorin on **January 3rd**. He was the first known protester to die and at least **16 other protesters** were reportedly killed during the protests.

2012 - 2015


Findings of the report of the **Ad-Hoc Committee to Verify and Determine the Actual Subsidy Requirements and Monitor the Implementation of the Subsidy Regime in Nigeria** presented to the National Assembly on April 18, 2012, revealed the following:




N600 billion (~\$3.75bn) was budgeted for subsidy payment in 2011.



N1.3 trillion (~ \$8.125bn) was initially being stated as the cost of subsidy as of October 2011.



Payments of about **N2.6 trillion** with outstanding claims of N500 billion for a total of **N3.1 trillion (~ \$19.375bn)** in subsidy payments in 2011.




Nigerians use about **31.5 million litres of fuel** / premium motor spirit (PMS) per day. With 445,000 barrels per day (bpd) of crude assigned to Nigerian National Petroleum Corporation (NNPC), local refining and offshore swaps (crude for PMS), our local needs will be met and there would be no reason for 3rd party marketers.


The government had denied these facts before, during and after the protests in January 2012 and ten years later, we are still lying to ourselves.

Subsidy Reinvestment and Empowerment Programme (SURE-P): President Goodluck's administration set up **SURE-P** to **'wisely'** manage the **'savings'** from the fuel subsidy removal. Late in 2015, the Senate Committee set up to review SURE-P noted that half a trillion naira, which should have been used to execute SURE-P projects nationwide, could not be accounted for. **No one has been held accountable.**


2016 - 2021



N97/litre eventually ended up at **N162.50/litre** with NNPC trying different tricks to fully deregulate/modulate/remove subsidy while Mr President, who also doubles as Minister of Petroleum Resources had stated on several occasions that there was no such thing as a 'fuel subsidy'.




August 16, 2021: The Petroleum Industry Act was signed into law. A landmark piece of legislation that had been in the works for 13 years.




November 23, 2021: The Minister of Finance, Budget and National Planning, **Zainab Ahmed**, said the federal government plans to remove fuel subsidy in 2022 and cushion the effect by paying a **N5,000 monthly transportation** grant to 40 million Nigerians for a **monthly cost of N200bn** as a phasing out mechanism.¹

¹ 40 million Nigerians is an inaccurate number for the poorest Nigerians and we expect Madam Minister to correct herself shortly as spending N200bn to replace a current cost of N150bn will be unsensible.


The Issues 10 Years After #OccupyNigeria



Corruption & Political Will: The energy sector is plagued with corruption and like President Jonathan, President Buhari does not have the political will to address the issues.



Refineries: We still do not have adequate domestic refining capacity to meet our domestic needs for refined petroleum products. Nigeria is the only member of the Organization of Petroleum Exporting Countries (OPEC) that imports over **90%** of its fuel consumption. Others import less than **20%**. In 2020, workers at the Port-Harcourt, Kaduna and Warri refineries were paid N69.07bn while the plants generated **zero revenue** as they **did not process a single barrel of crude**.



Cost of Governance: All reports about reducing the cost of governance have not been implemented, yet we are setting up new agencies and continue to fund an inefficient government bureaucracy. However, the government is quick to announce the removal of subsidy; planned increase in electricity tariffs as the price of gas continues to increase.

As we said 10 years ago, removing fuel subsidy **without addressing the fundamentals**, building trust and showing good faith is **a lazy and thoughtless approach!**

**Fuel (PMS) Price**
(= increased cost of personal electricity generation)

+

**Gas Price**

+

**Electricity Tariff**

=

**Cost of goods & services**
especially food and transportation

Active citizens! Energy Policy must be front and centre as we approach the 2023 general elections if we don't want to be here again in 10 years!
Everyone running for public office **must** have a clear position on these issues and be open to debating them.



"Every generation must out of relative obscurity, discover its mission, fulfill it, or betray it."
- Frantz Fanon



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