

GHANA TRADES UNION CONGRESS
STATEMENT ON THE FUEL PRICE INCREASE ANNOUNCED
ON THE 28TH DECEMBER, 2011

The Ghana Trades Union Congress (TUC) has noted with deep concern and outright dismay the announcement by the National Petroleum Authority (NPA) to the effect that fuel prices have been increased by between 15 and 30 percent. This is the second increase in fuel prices for the year 2011. The first increase was affected on January 3, 2011 with increases of between 20 and 30 percent in fuel prices.

For 2011, therefore Ghanaians have had to endure cumulative increase of between 35 and 60 percent in fuel prices. This astronomical increase is compared with timid increase of 20 percent in wages and salaries across board for the public sector workers for the whole year. This means that for the action year, Ghanaian workers and their families have only witnessed erosion of their incomes given the very direct link between fuel price hikes and the general price levels in the country.

The TUC and its affiliate national unions have on several occasions expressed concern over such exorbitant increases in fuel prices. We have equally expressed grave concern over the manner in which fuel prices are determined and announced in the country. We find it difficult to appreciate how government could slap such astronomical increases on Ghanaian workers, their families and the travelling public in the middle of Christmas festivities especially when many workers went into the season without receiving their salaries. This surely will bring untold hardship and misery to many families and households. The timing of these increases was wrong and unacceptable. It smacks off insensitivity to the plight of working people and a population already over burdened by high cost of living.

The NPA justified the increases by the decision of government to withdraw subsidies on petroleum products. This justification raises several issues that border on the transparency in the determination of fuel prices.

First for the past year, Ghanaian have been told that government has chosen to hedge its purchases of crude oil at a certain price. The presumption therefore is that international movement of crude oil prices at a level should not affect how much we pay for crude oil and therefore for fuel at the pump. In the 2012 budget statement and economic policy for government, the Minister for Finance gave an upbeat assessment of

the decision to hedge. Ghanaians deserves to know a few things as they braced themselves up for these astronomical increases: at what price did we hedge our purchases of crude oil and for how long? And how has the hedging policy performed.

The second issue has to do with 'the stabilization fund' established by government to cushion consumers against unexpected increases in crude oil price. Ghanaian deserves to know how much has accrued to the fund and how it is administered. The hedging programme and the stabilization fund were supposed to obviate the need for such gargantum one-off increases in fuel prices. We are therefore surprised and alarmed that the NPA and indeed government could announce these increases with absolutely no mention of these initiatives that have been described by government and its functionaries as having been successful.

The Minister of Transport is reported to have said that "increases were insignificant and would not greatly affect the economic circumstances of Ghanaians" while this view is shocking it could be understood in the general context of how politicians quickly lose touch with the reality of the people they govern.

The TUC continues to remind government that fuel prices increases have spill-over effects on prices of wide range of goods and services. It reduces the purchasing power of workers and their families. And it has adverse implications for standard of living. It has effect on businesses as well. These linkages should guide government and its agencies in the determination of fuel prices.

The TUC therefore urges Government to convene without delay a meeting of the Social Partners to discuss and agree on remedial measures to cushion workers and their families from the adverse impact of the increases.

The TUC further serves notice of its readiness to ensure that adjustment of both the base pay of the Single Spine Salary Structure (SSSS) and the National Minimum Daily Wage for 2012 fully reflect these increases.

KOFI ASAMOAH
SECERTARY GENERAL

29TH DECEMBER, 2011