

GHANA TRADES UNION CONGRESS

STATEMENT ON PETROLEUM PRODUCTS PRICE INCREASES

On January 3, 2011, the National Petroleum Authority (NPA) announced increases in petroleum products ranging from 25% to 30%. The Ghana Trades Union (TUC) identifies with the many well-meaning individuals and organisations who have expressed concerns about the adverse impact the increases can have on the living standards of the working people of Ghana and on economic activities in the country, generally.

We recognise the effects of the recent increases in the price of crude oil on the international market on domestic prices of petroleum products. We are also aware that the ex-pump prices have not been reviewed since October 2009. In spite of this, we find it extremely difficult to accept a one-off increase of between 25% and 30% especially when we take into account the negative social and economic impacts of the astronomical increases in utility tariffs in the last half of 2010. We condemn the increases in the prices of petroleum products and call on Government to intervene immediately.

We have studied the price build-up issued by the NPA. We notice that the tax component of the new price of premium gasoline is 14.42% of the ex-pump price. We think this is too high especially when we take into account other direct and indirect taxes such as the personal income tax and the VAT as well as the recent hikes in road tolls.

We are aware of the subtle pressures from the International Monetary Fund and the World Bank on Government to impose such increases on the people. But, ultimately, we are going to hold the Government of Ghana responsible for all such decisions. It seems Government, under the pressure of IMF and World Bank, is gradually losing all its social democratic credentials. In our view, the increases in utility tariffs in 2010 and now the increases in petroleum prices are an indication that our Government is succumbing to the pressures of the International Financial Institutions and is gradually losing its prerogative on economic and social policy making. Such high increases in prices of basic commodities such as water, electricity and now fuel smack of a high degree of insensitivity on the part of Government to the plight of ordinary Ghanaians the majority of whom find it hard to meet their daily needs for survival.

We do not and cannot understand why such high increases should be announced immediately after the Christmas holidays and at the beginning of the year, when workers go through all forms of hardships. Why should Government allow such price hikes despite the negative effects such increases can have on the economy, particularly on the competitiveness of local industries and their ability to create decent jobs for Ghanaians and on living standards of Ghanaians, generally? Is Government unaware of the negative effects such price hikes, with the high tax components, can have on our national efforts toward poverty reduction?

We are already experiencing the burden of the ex-pump price increase through arbitrary increases in transport fares even though wages have not been increased. We are not convinced that holding kerosene and premix fuel pump prices constant can protect the poor and the vulnerable. We think the spill-over effects of increases in gas oil and premium, through transport fare increases and other negative economic effects, including effects on employment, far outweigh any positive effects that can be derived from the unchanged prices of kerosene and premix fuel.

The working people of Ghana and their families cannot bear the burden of price increases of such magnitude at this time of the year with the low level of incomes. We would like to, once again, call on Government to initiate a downward review of the fuel prices without delay.

KOFI ASAMOAH
SECRETARY GENERAL
January 6, 2011