

NIGERIANS ENDURE FUEL PRICE HIKES FROM N198 TO N1,030 PER LITRE UNDER TINUBU

Before President Bola Ahmed Tinubu took over office on May 29, 2023, fuel was sold at N198 per litre. Outlets of the Nigerian National Petroleum Corporation Ltd (NNPCL) which now have different prices, depending on the location, also sold at the old rate. However, in his inaugural address at Eagle Square, Abuja, Tinubu exclaimed "Subsidy is gone", resulting in an instant increase in fuel price from N198 to N540 at NNPC outlets. According to the president, fuel subsidy had become a clog in the wheel of progress and needed to give way for the country to survive. Tinubu, who said subsidy was fueling corruption, vowed to pump the money saved from it into others aspects of the economy. "You have paid attention to the subsidy removal. Why should we in good heart and sense, feed smugglers and be Father Christmas to neighbouring countries, even though they say not every day is Christmas? The elephant that was going to bring Nigeria to its knees is the subsidy. A country that cannot pay salaries and we say we have potential to encourage ourselves. I think we did the right thing," Tinubu had told some monarch who visited him at Aso Rock a month after subsidy removal.

On July 18, 2023, the pump price at NNPC outlets rose from N540 to N617 per litre. This was when Nigerians were still trying to adjust the cost of living crisis occasioned by the increment. The Group Chief Executive Officer of NNPC, Mele Kyari, had attributed the rise in pump prices to market forces. According to him, the hike reflected the dynamics of a market-regulated pricing model. Addressing journalists after a closed-door meeting with Vice President Kashim Shettima at the State House, Abuja, Kyari said, "They are just prices depending on the market realities. This is the meaning of making sure that the market regulates itself. Prices will go up and sometimes they will come down also." He debunked notions that the price increase is due to a shortfall in petrol supply. Amid protracted fuel queues, NNPC attributed fuel shortage to supply disruptions caused by outstanding debt obligations to international oil traders.

The corporation did not disclose the exact amount owed to oil traders, but reports said the debt was to the tune of \$6.8 billion. Before acknowledging being indebted, the oil firm had repeatedly told Nigerians that things were under control. However, the queue worsened and prices were inflated. In a statement on September 1, 2024, Olufemi Soneye, NNPC spokesperson, said the corporation's ability to sustain fuel supply was under threat. Experts had, however, told Daily Trust that the announcement was part of a game plan from the government, which may lead to 950/1,000 per litre price for petrol. They alleged that government officials had been pushing the narrative for weeks.

On September 3, 2024 NNPC increased hiked pump price from N617 per litre to N897 per litre, an increase of



over 45 percent. Addressing members of Nigerians in Diaspora Organization in China (NIDO China) and the Nigerian community at the China World Hotel, Tinubu had described the increment as one of the unprecedented steps aimed at reforming the country. According to him: "Nigeria is going through reforms, and we are taking very bold and unprecedented decisions. For example, you might have been hearing from home in the last few days about fuel prices. But, can we help it? Can we develop good roads like you have here? You see electricity being constant in quantity and quality. You see water supply, constant and running, and you see their good

schools. And we say we want to hand over a banner without stain to our children? What is the critical part to get us there if we cannot take hard decisions to pave the way for a country that is blessed and so talented?"

Due to the proximity of the refinery to Lagos, fuel is sold at N998 per litre over there. 24 hours after Daily Trust reported a likely pump price increase as a result of NNPC's exit as a middleman in the Dangote Refinery fuel purchase deal, NNPC increased pump price from N898 to N1,030 per litre. Previously, the NNPC was the sole off-taker of fuel from Dangote Refinery. In the cause of doing this, the national oil company covered the price gap between the facility's price and the selling price to retailers, absorbing a subsidy of N133 per litre. But in the quest to shift towards a fully deregulated oil market, it allowed marketers to deal directly with the refinery. Marketers can now negotiate petrol prices directly under a "willing buyer, willing seller" arrangement, aligning with practices for other deregulated products such as diesel and kerosene.

In September, Devakumar Edwin, Vice President at the Dangote Industries, indicated that the 650,000 barrels per day refinery had begun processing petrol, with the NNPC initially as the sole off-taker.

