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NPA Asked To Develop Price Mark For Crude

The Centre for Policy Analysis (CEPA) has advised the National Petroleum Authority (NPA) to institute “a reference price mark for crude oil” in the country to serve as a bench mark for future fuel price adjustments.

“The NPA should come up with a rule or a reference price mark for crude oil and say if prices of crude oil in the international market rise beyond this mark, we are increasing prices of fuel. If that happens, all of us will then use that price as a reference point, comparing and gauging when to expect an increment so that fuel price increments wouldn’t come as unexpected,” the Executive Director of CEPA, Joseph Abbey, said in an interview with the *Daily Graphic*.

Such an initiative, Dr Abbey said, would help prepare people for the adjustments and thus lessen the various agitations and burdens that the sudden upward adjustment of petroleum product prices normally triggers nation-wide.

He added that it was only through such a strategy that Ghanaians would begin to appreciate the dynamics that inform the intermittent upward adjustment of domestic fuel prices.

The centre’s advice comes in the midst of growing public anxiety over the recently announced 15-30 per cent increment in the prices of petroleum products which took effect at the tail end of December 2011.

Although the government argued that continuously subsidising petroleum products was now beyond its purse, having spent over GH¢46 million in subsidy within the past year, many said the increment was only meant to tighten economic hardships on the average Ghanaian.

“The 2012 Budget and Economic Policy Statement of the government did not

include subsidies for petroleum products and we never also cared to ask for it. So if international situations weigh heavily against us, then we will have to pay more by way of increased fuel prices,” Dr Abbey said.

Although the CEPA executive secretary does not foresee a total removal of government subsidy on petroleum products soon, he said “the debate that government should subsidise petroleum products in itself is empty unless we are able to clearly tell who benefits from these subsidies”.

“We should not, in the name of subsidising for the poor, confer goodies on the rich and in the process make the poor even poorer and burden the national economy,” he said.

Dr Abbey intimated that the policy surrounding petroleum product subsidy for the poor in society was loose, making it possible for the rich to take advantage of it to the detriment of the poor and the economy as a whole.

He admitted that the public sentiments that greeted the recent increments were not misplaced but added that Ghanaian needed to come to terms with the dynamics that necessitate the upward adjustment of fuel prices.

Key of those, he said, was the prevailing exchange rate at which crude oil would be bought by the country.

The dominant reason for domestic for fuel price increases, according to Dr Abbey, “has always been the exchange rate movement and not world market prices of oil. If world crude prices are not even moving up yet the cedi falls, it will still cost more to import and that will mean paying high for fuel.”

Dr Abbey has meanwhile lauded the NPA’s uniform petroleum pricing strategy which allows petroleum products to be purchased at uniform prices nation-wide despite the various transportation and other operational costs involved in carting the products outside Accra.

The CEPA Executive Secretary is, however, not impressed with the media

attention that domestic petroleum price increments attracts from the international media.

Source: Daily Graphic