



Trades Union Congress (Ghana)

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21ST MARCH 2022

HONOURABLE MINISTER
MINISTRY OF FINANCE
ACCRA

Dear Sir,

STABILIZATION OF FUEL PRICES

Since January 2022, fuel prices have cumulatively increased by about 54 percent. The impact of the rapid increases in fuel prices on cost of living and on real values of earnings is obvious.

We understand that the current surge in fuel prices is the direct effect of the unprecedented increases in the price of crude oil on the international market. The Russian invasion of Ukraine has also added to the pressure on international crude oil prices. It is also clear that another important factor pushing up the domestic fuel prices is the massive depreciation of the cedi. Bank of Ghana data show that in the first three months of 2022, the cedi has depreciated by 14.6 percent against the US dollar. For the same period in 2021, the cedi appreciated by 0.5 percent against the dollar. The cedi has depreciated by 11.6 percent against both the British pound and the Euro.

Regardless of how one rationalizes the current situation, the truth is that the rising fuel prices have already had significant adverse impacts on living standards. Erosion of values of incomes has been severe, particularly for workers on fixed salaries. Many more Ghanaians have been pushed into poverty because of the rippling effects of higher fuel prices on general level of prices of other essential items.

The situation must be addressed without further delay, otherwise many more Ghanaians will be pushed into destitution.

We propose that Government must immediately suspend all taxes and levies on petrol, diesel, LPG, and Kerosene. This should bring down prices of these fuel products by an average of about 15 percent. The suspension should remain in force until the international price of crude oil stabilizes and the decline of the cedi has been halted. The reduction in fuel prices will hopefully translate into the stabilization of or even reduction in prices of other essential items, including food. More importantly, suspending taxes and levies on these fuel products in these challenging times will demonstrate to Ghanaians that our government is sensitive to the plight of the people of Ghana.

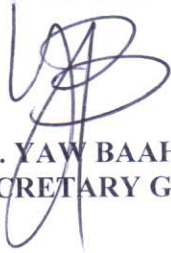
Given the implication of fuel prices for cost of living, we urge government to consider reviewing the method for fuel pricing because the current process is not transparent and it is also unfair to consumers.

As a permanent measure to address the negative effects of fluctuating prices of petroleum on the international market, we believe that this is the time to adopt a policy to refine petroleum domestically. This will insulate fuel prices from the vagaries of the exchange rate. Government should also be serious about reviving the Tema Oil Refinery (TOR) to refine crude oil for the domestic market. Refining domestically-produced crude oil in Ghana can even strengthen the cedi, among other advantages. We also believe that it is time for government to ban the importation of commodities like rice and poultry which can fairly easily be produced domestically. Such a policy will help create jobs domestically and protect the value of the Cedi.

We are ready to engage further with you on these and other issues that affect the working people of Ghana and their families in the spirit of social partnership.

Yours faithfully,

FOR: TRADES UNION CONGRESS (GHANA)



**DR. YAW BAAH
SECRETARY GENERAL**

CC:

HON. MINISTER. MINISTRY OF EMPLOYMENT AND LABOUR RELATIONS

HON. MINISTER, MINISTRY OF ENERGY