

# **LAGOS CHAMBER OF COMMERCE AND INDUST**

## **COMMENTS ON THE FUEL SUBSIDY REMOVAL**

### **PRESS RELEASE**

The Lagos Chamber of Commerce and Industry has reviewed the recent policy pronouncement on the deregulation of the downstream oil sector of the Nigerian economy, especially the fuel subsidy removal. The Chamber appreciates the enormity and dimensions of the impacts of this policy on the economy and the citizens. Some of the adverse consequences are as follows:

- i. Fresh inflationary pressures resulting from sharp increases in transportation cost.
- ii. High inflationary expectations across all sectors of the economy.
- iii. A devastating impact on the psyche of the common people as the new policy poses a serious risk to their survival.
- iv. Sharp increases in operating costs of micro and small enterprises, many of which rely on small electricity generators powered by petrol.

If well implemented however, it is expected that the policy will benefit the economy and the citizens, in the medium to long term. Some of the expected outcomes are as follows:

- I. Increased private investment in the downstream oil sector with a corresponding impact on the creation of quality jobs.
- II. Reduction in the pressures on foreign reserves, a huge chunk of which is currently being used to fund fuel importation.

III. Better fiscal space to ensure macroeconomic stability with a resultant positive effect on the economy.

The Chamber notes that the options available to the government in the current circumstances are limited. But in the light of the prevalent poverty and high rate of unemployment in the country, Government needs to demonstrate its sensitivity and concern to the plight of the ordinary Nigerians by focusing urgently on the following:

- Acceleration of the delivery of palliatives to cushion the adverse outcomes of the subsidy removal.
- In order to provide the moral basis to demand sacrifices from citizens, the political leadership and bureaucrats should demonstrate visible fiscal prudence. The governance structure should be more cost-effective and corruption must be more effectively tackled.
- Sustain the momentum of dialogue and enlightenment to stabilize the polity.
- Ensure accountability and transparency in the use of the savings from this policy decision for the benefit of the people as promised. Stakeholders should cooperate with the Subsidy Reinvestment Board to make this happen.
- The promise made by government on this matter is a covenant that should be respected.
- Fast track the turnaround maintenance of the refineries and encourage the building of new ones to reduce dependence on importation of refined products and protect the economy from the volatility of global oil prices.

- Ensure an effective regulatory framework to protect the citizens from exploitation by petroleum products marketers and ensure quality assurance.
- Accelerate implementation of power sector improvement programmes to reduce reliance on petroleum products as principal sources of energy in the economy.

Finally, the Lagos Chamber of Commerce wishes to appeal to all Nigerians to ensure that all forms of agitations protests against this policy are conducted in the most peaceful manner. In the same vein, we urge the law enforcement agencies to manage the current situation with utmost professionalism to avoid the escalation of the current crisis. The collapse of law and order will not serve any useful purpose. If anything, it would worsen the predicament of all, including the common people of this country.

**Goodie Ibru, OON**  
**President,**  
**Lagos Chamber of Commerce & Industry**

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