



MINISTRY OF PETROLEUM RESOURCES

**THE BITTER
TRUTH ABOUT
FUEL SUBSIDY:**

**WHO DOES IT
BENEFIT?**



The bitter truth about FUEL SUBSIDY in the country today, is that it does not benefit either the POOR or the MIDDLE INCOME EARNER but the RICH. The federal government originally designed the fuel subsidy to benefit the less privileged in the society but the implementation has actually missed the real target and instead makes the rich richer and the poor poorer as can be illustrated in the story of three Nigerians stated below:

Once upon a time, there were three Nigerian men named Messrs. X, Y and Z. The only thing the men had in common is that they have a family of five each. While Mr. X, a very rich man and his family, live in a government reserved area (GRA) in the state capital, both Mr. Y and Mr. Z along with their families live in a

densely populated area of the city and the rural area, respectively.

The difference in the lifestyle of the three men also shows in the fact that Mr. X owns three exotic cars including a Sports Utility Vehicle, SUV, which gulps 200 litres of fuel per week while he is on an intercity run. His wife uses one of the cars, which consumes 60 litres of fuel weekly while the last car with 40 litre of fuel consumption per week is devoted to school runs for his children. Together on a weekly basis the family of Mr. X consumes about 300 litres of fuel every week.

On the contrary, this is not the case with the family of Mr. Y and Z who have no car. Mr. Y. and his family commute to work everyday with a commercial vehicle or a big bus, which carries about 60 passengers. He could also use a taxi which carries four passengers. Unlike Mr. Y, Mr. Z

and his family rarely travel out of his remote village. Even when they do, they go with his two donkeys or bicycle. They rarely go by the public transport except once or twice a year during festivals.

From the lifestyle of the three men, one will notice that Mr. X who represents the rich and the affluent in the society benefits more from the fuel subsidy of the federal government compared to Mr. Y and Z who represent the urban poor and the poor masses residing in the rural areas.

For instance, If the subsidy of a litre of petrol is N52 per litre, it means that Mr. X and his family which consume 300 litres of fuel weekly on intercity travel at the cost of N19, 500 (a litre is N65), is subsidised by N15, 600 per week while Mr. Y and Z literally receives nothing. Comparatively, Mr. Y and Z are the losers. It means

that government is subsidising the price of fuel only for the rich; that is taking what also belongs to the poor and handing it over to the rich alone.

This is why the federal government wants to correct this anomaly and ensure that the interest of the less privileged and the outright poor is protected by reversing the policy on fuel subsidy to make sure that the rich pays the exact price for fuel. This situation where the government robs Peter (the poor) to pay Paul (the rich) is no longer tolerable and must be stopped.

Nigerians, let us support deregulation of the downstream sector to enable government channel the money it is spending on subsidy to areas such as education, health, agriculture, public transportation among others that will surely benefit the less privileged.

**Support
deregulation
of the
downstream sector.**

**Let us avoid robbing
Peter to pay Paul.**