



The Nigerian Society of Engineers

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"Happy New Year"



Special Edition

The position of the Nigerian Society of Engineers on the removal of fuel subsidy by the Federal Government of Nigeria. The NSE President, Engr. Mustafa Balarabe Shehu FNSE had a press conference on Tuesday, 10th January 2012 around 5.30pm at Kano where this was presented formally to the media.

Nigerian Society of Engineers' POSITION ON THE REMOVAL OF FUEL SUBSIDY BY THE FEDERAL GOVERNMENT OF NIGERIA.

Preamble

The Nigerian Society of Engineers notes with great concern the on-going strike action led by the Nigerian Labour Congress over the removal of fuel subsidy by the Federal Government of Nigeria. Even though we had submitted a position paper on this issue in December last year, we still find it expedient to re-echo our position in view of the prevailing circumstances the Country has found itself.

After a careful study of the situation, and assessment of the facts involved, we observe as follows:

1. Open market petroleum products prices are mainly influenced by three factors;
 - i. the World market price of crude oil per barrel
 - ii. the exchange rate of the Naira vis-avis the US dollar;and
 - iii. the cost and location of production of the refined product.
2. It is a fact that many Countries in the World institute various forms of subsidies in order to promote and improve levels of welfare of their citizenry. Subsidies are

always present in some form in both developed and developing economies. For instance, the United Kingdom subsidizes health care, the United States subsidizes agriculture and food, whilst Jordan spends 20 percent of its annual budgets on subsidies. All in all, according to International Energy Associates, many countries including India, Bangladesh, Argentina, Russia, Malaysia, Egypt and Saudi-Arabia, regularly subsidize energy costs. In 2010, Nigeria at approx. \$20 per capita, offered one of the lowest costs subsidies for energy costs in the World. In contrast, comparable figures for India and Bangladesh are \$35 each, and Saudi Arabia, \$1,600.



**Engr. M. B. Shehu FNSE
NSE President**

3. Our over-reliance on imported fuel products is largely responsible for the high cost of petroleum products, especially PMS in the Nigerian market today, thereby creating the need for subsidy, which ordinarily should not exist in our petroleum industry "lexicon."

4. Closely related to 3 above is the weak value of the National Currency in relation to the US dollar, which creates a negative impact on the economy as a whole.

Our Position

In line with above observations, the Nigerian Society of Engineers is of the opinion that:



1. Government should re-consider its decision on the removal of fuel subsidy until urgent steps are taken, which shall automatically cause the issue of fuel subsidy to become moot and of no interest to most people. Such urgent steps shall include but will not be limited to the following:
 - i. Reactivation and prioritization of all existing refineries as well as construction of additional ones to make up for the deficit on our daily demand.
 - ii. Dedication of some defined level of crude oil to all local refineries at agreed concessionary prices.
 - iii. Initiation and completion of emergency mass transit transportation systems in all major cities in the Country.
 - iv. Completion of all on-going power sector projects.
 - v. Sincere fight against corruption.
 2. In the short term, the cost of governance in Nigeria, which is reputed to be one of the highest and most wasteful in the World, should be revisited and severely pruned, in line with the need to conserve our wealth and resources for positive development.
 3. Government should evolve a deliberate policy for the utilization of indigenous professionals for the development of the above mentioned infrastructure, as a way of building local capacities cost reduction and sustainability.
 4. Government should identify means for the effective control products flow across our national boundaries.
 5. NSE proposes that facts-based, transparent impact analysis (for effects on the populace) should always be carried out as a prelude to the initiation of any landmark or major economic or policy decision.
- In conclusion, history has it that courageous and great leaders are always willing to rescind on decisions they take that are later discovered to have negative or devastating consequences on their citizens.

ENGR. MUSTAFA BALARABE SHEHU FNSE
PRESIDENT

Dear Esteemed Engineers,

Due to the prevailing circumstances in the country, The Nigerian Society of Engineers (NSE) regrets to announce the postponement of the Inauguration of the 28th President of the Society, **Engr. Mustafa Balarabe Shehu**, FNSE earlier scheduled to take place on **Friday 13th and Saturday 14th January 2012** at the International Conference Centre, Abuja. A new date for the inauguration will be announced later. We regret the inconveniences, the cancelation will cause our numerous invited guests.

Signed,

Engr. Ahmed K. Amshi, FNSE
Executive Secretary.

Due to the prevailing circumstances in the country, The Nigerian Society of Engineers (NSE) Council meeting has been postponed.
A new date for the council meeting will be announced later.



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NOTICE! NOTICE!! NOTICE!!!

All members of NSE PH should pay their **Annual Branch Dues** of **N4,500** for **Corporate Members** and **N6,500** for **Fellows** to **UBA ACC. NO: 0234-031-0000962 (Port Harcourt Main Branch)**. Also pay **National Annual Subscription** of **N7,500.00** for **Corporate Members** & **N9,500** for **Fellows** directly to **AFRIBANK ACC No. 142022215613** & forward all tellers to the secretariat for reconciliation. All payments should be made at the Bank