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Friday, October 31, 2025

Distinguished Senator Godswill Akpabio
President of the Senate
Senate Chambers,
National Assembly Complex
Three Arms Zone,
Abuja

Dear Mr. President,

OPEN LETTER RE: INTRODUCTION OF IMPORT DUTY ON PETROL

It is widely reported in the press that the President has approved the imposition of a 15% import duty on PMS to be implemented with immediate effect.

It is further reported that the approval followed a proposal to that effect by the Executive Chairman of the FIRS (Now NRS). The proposal states that it is not driven by revenue considerations for the government, but rather aims to support local producers by enabling them to achieve cost recovery.

The tariff is expected to add approximately N100 to the pump price of PMS in the first instance and this could be subject to upward review.

ISSUES ARISING

Pricing policies relating to petrol have far-reaching implications for Nigerians, with a pervasive impact on cost of living across different categories of basic expenditure for citizens, most of whom are already severely stretched financially. Accordingly, I would hereby like to raise a number of issues arising from the imposition of this import duty for the attention of the National Assembly:

1. Instituting this import duty is a very fundamental and ill-timed policy change. It comes on the heels of the removal of the dual subsidies on PMS and Foreign Exchange, which resulted in a five-fold increase in PMS prices in two years. This further price shock is a first step into a petrol price tariff regime at a time when the people can least afford it.

2. Import duties are trade related customs and excise policies, the development of which is clearly outside the scope of the Revenue Service's mandate. It is therefore not clear why this proposal is being originated by the NRS in the first place.

3. The originator seeks to justify the proposal on the basis of the downstream oil industry's dynamics and the need to encourage and support investment in this area of the oil and gas industry. These are matters that fall under the remit of the NMDPRA as regulator of the industry in question and the Federal Ministry of Trade and Investment. It is these agencies that should consider, and if convinced, propose and justify any request for import duties upon request by the local producers. It is not even evident in this case that the operators in question have been agitating for the institution of import duties.

4. The proposal retains import parity as the primary pricing mechanism while at the same time providing for "cost recovery" tariffs to benefit the producers when prices are low. It should be noted that there is limited transparency around what the "costs" are that are being recovered and why this should be the responsibility of consumers. This arrangement enables producers to have it both ways, transferring all the risks to consumers, insulating the producers from price declines due to competition, while allowing them to retain their ability to pass on higher prices to consumers.

5. It should also be noted that there is already substantial fiscal support being given by the Government and by extension, the Nigerian people. Dangote refinery, the largest domestic producer by far, is in an Export Processing Zone and already benefits from substantial tax waivers and other incentives.

CONCLUSION AND RECOMMENDATIONS

Given the foregoing, and in recognition of your responsibilities for oversight and civic representation, I hereby call for the National Assembly to undertake an investigation into the circumstances and process surrounding introduction of the import duty. In doing so, you may wish to invite the NMDPRA, The Federal Ministry of Trade and Investment as well as Industry Operators to understand whether imposing this additional burden on Nigerians at this inauspicious time is indeed justified, as well as the propriety of the process by which it was introduced. I will further recommend that the proceedings be transparent and, as far possible, open to the press to ensure that the public is kept informed.

Yours faithfully,



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Friday, October 31, 2025

RT. Honorable Tajudeen Abbas
Speaker of the House of Representatives
House Chambers,
National Assembly Complex
Three Arms Zone,
Abuja

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Sign.....

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The tariff is expected to add approximately N100 to the pump price of PMS in the first instance and this could be subject to upward review.

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