NEW PATRIOTIC PARTY
motto:DEVELOPMENT IN FREEDOM

# NEW PATRIOTIC PARTY
## POLICY SECRETARIAT
PRIVATE MAIL BAG, ACCRA - NORTH, GHANA
Fax: 030 227 905
www.newpatrioticparty.org

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## STOP DIGGING THE GH¢600M MONTHLY BLACKHOLE. SUSPEND TAXES.

**The New Patriotic Party's (NPP) Policy Committee on Energy cautions Government that if its current approach to fuel pricing continues, Ghana's energy sector may be plunged into a new debt crisis.**

**Any intervention that cushions innocent Ghanaian consumers from the effects of the current crisis in the Gulf region is welcome. What we do not endorse is a deceptive posture: accumulating significant debt in the downstream energy sector by depriving it of the revenue it needs to function, keeping every Government tax and levy on petroleum products in place, and passing this off as relief when the opposite is in fact the case.**

Government has kept the so-called GH¢2 per litre diesel "intervention" alive by suspending the statutory margins that finance the petroleum downstream. That costs the sector more than GH¢500 million a month, and close to GH¢683 million once the implied support to the Unified Petroleum Price Fund (UPPF) is counted. By our estimate, GH¢2.076 billion has already been withheld from BOST, the distributors, the fuel markers and the UPPF across April, May, August and September 2026. None of it has been replaced. It is being converted, quietly, into deferred maintenance, supplier arrears and institutional borrowing. In plain words, Government is accumulating debt to BOST and other key players under the guise of "intervention". That is precisely how the historical energy sector debt crisis began: obligations left standing while the revenue meant to meet them was diverted.

The pressure is not easing. Pricing data for the 16 to 30 September 2026 window show crude oil rising from US$92.11 to US$98.18 per barrel (up 6.59 percent), international petrol prices up 14.57 percent, diesel up 4.85 percent, LPG up 13.47 percent, and the cedi slipping from GH¢11.40 to GH¢11.50 to the dollar, all driven by renewed hostilities involving Iran, the United States and Israel, disruption around the Strait of Hormuz and declining global petroleum inventories. Government will have to dig a deeper hole in September simply to hold the price still, and despite that outlay diesel could still cross GH¢18 per litre at the pump.

**The NPP Policy Committee on Energy calls on Government to change course before the damage becomes irreversible: restore the statutory margins it has raided, stop digging a GH¢600 million monthly hole in the petroleum downstream that Ghanaians will otherwise repay as a new round of energy sector debt, and suspend the taxes and levies it collects on every litre of fuel for the duration of this crisis, especially when Government is raking in a windfall from the same Gulf crisis.**

At page 100 of the 2026 Budget, Government projected a crude oil benchmark price of US$76.22 per barrel and output of 37.95 million barrels (103,959.73 barrels per day). Arising from this same crisis, crude has risen as high as US$110 at the peak of the conflict and is averaging about US$89 this year, and output has outperformed projection. Government has therefore generated additional revenue of about GH¢8 to 9 billion, six times the debt it has saddled on the petroleum downstream. It is making more, and can forgo some tax revenue without any impact on the fiscals while providing significant relief to consumers and protecting the financial integrity of the downstream by restoring the margins and removing some taxes.

**1. How the GH¢2 relief is actually being paid for**

The GH¢2 diesel intervention has not been achieved by international suppliers lowering their prices, nor by Government giving up any of its own tax revenue. It has been achieved by suspending the margins that finance the petroleum downstream:

| Suspended component | GH¢ per litre | Approx. monthly cost |
|---|---:|---:|
| BOST Margin | 0.12 | GH¢31.15m |
| Primary Distribution Margin | 0.26 | GH¢67.49m |
| Fuel Marking Margin | 0.09 | GH¢23.36m |
| UPPF-related component | 1.53 | GH¢397.13m |
| **Total** | **2.00** | **GH¢519.12m** |

*Based on estimated average monthly diesel consumption of approximately 259.56 million litres.*

The cumulative cost for April, May, August and September 2026 has already reached GH¢2.076 billion. This is money meant for the service providers and strategic infrastructure of the petroleum downstream. It is not Government's money to give away.

**2. Foregone margins are not free money**

Government will say these amounts are not conventional subsidies because they involve suspended margins rather than direct payments from the Consolidated Fund. That distinction does not make the cost disappear. When the BOST Margin is suspended, BOST's obligations remain: storage tanks and pipelines must be maintained, depots must keep operating, and strategic infrastructure must remain available, including facilities serving the less commercially attractive parts of the country. The same is true of the distribution and fuel marking obligations, and of the UPPF, which exists to keep fuel prices uniform across Ghana. Remove the revenue without removing the obligation and the burden simply resurfaces elsewhere: as deferred maintenance, supplier arrears, institutional borrowing and underinvestment, and ultimately as Government recapitalization and additional public debt. A margin suspended today becomes arrears tomorrow and public debt the day after. Indebtedness is already building at the National Petroleum Authority as a direct result of this ad hoc approach.

**3. Over GH¢500 million a month, and diesel still heading above GH¢18**

The intervention is becoming more expensive at exactly the moment it is becoming less effective. Diesel already sells in the GH¢17 plus range at the major OMCs. Applying the next-window movements (international diesel up 4.85 percent, cedi down 0.88 percent) to current ex-pump prices, a diesel price north of GH¢18 per litre is entirely plausible even with the GH¢2 intervention in place.

Without it, the underlying price could move above GH¢20. Government therefore faces a trap of its own making. Keep the GH¢2, and incur a downstream "debt" of more than GH¢500 million every month. Remove it, and consumers absorb the international increase and the restored GH¢2 at the same time. Every extension deepens the cumulative burden and makes eventual withdrawal harder. This is the emerging fuel subsidy trap, and the danger lies in repetition:

| Duration | GH¢2 suspended margins | Wider burden incl. implied UPPF support |
|---|---:|---:|
| 1 month | GH¢519m | GH¢683m |
| 2 months | GH¢1.04bn | GH¢1.37bn |
| 3 months | GH¢1.56bn | GH¢2.05bn |
| 6 months | GH¢3.11bn | GH¢4.10bn |
| 12 months | GH¢6.23bn | GH¢8.19bn |

*The 6 and 12 month figures are mechanical illustrations, not forecasts.*

**4. Ghana has travelled this road before**

The previous diesel "intervention" was estimated at approximately GH¢800 million over two months, and the petrol intervention at GH¢99.4 million for one month at GH¢0.36 per litre. Those "interventions" expired, and Government simply returned to another GH¢2 diesel intervention. If the present one runs into a third month, the cumulative value of successive petroleum price "interventions" could approach GH¢2.5 billion. Government must stop describing this as GH¢2 per litre relief and tell Ghanaians the truth about the aggregate cost.

**5. The alternative: suspend the taxes, not the margins**

There is a cleaner, more honest way to deliver relief of the same size. Government collects GH¢1.93 on every litre of diesel through the Energy Sector Shortfall and Debt Repayment Levy alone, after the GH¢1 per litre increase it imposed in 2025. That single levy is almost exactly the GH¢2 that Government is currently extracting from BOST, the distributors, the fuel markers, PDM and the UPPF. Suspending taxes and levies instead of margins has three advantages. First, the relief is financed from Government's own revenue, which is where the cost of a Government policy choice belongs. Second, the cost appears in the budget, where Parliament and the public can see it, rather than being buried as arrears and deferred maintenance inside state institutions. Third, the downstream keeps functioning: BOST, the distributors, fuel marking and PDM are paid, and the UPPF is not hollowed out. Government has told Ghanaians that the debts the GH¢1 levy was meant to service have been substantially paid down. If that is so, the case for keeping the levy on the pump during an international war is weaker still

**6. What the NPP Policy Committee on Energy demands**

As prices continues to rise, the government will have to dig a deeper hole if it seeks continue with these practices.

**7. Government cannot subsidise a war it does not control**

Ghana did not start the conflict in the Middle East and cannot determine when it ends. Ghana cannot reopen the Strait of Hormuz, set the Brent price or fix international refinery margins. Petroleum policy cannot be built on the assumption that Government can indefinitely shield consumers from a geopolitical shock of this scale.

If the crisis lasts another month, does Government extend the GH¢2? If it lasts three months, or six?

If crude moves well above US$100 a barrel, does the subsidy become GH¢3, or GH¢4? Where does it end? Government may be able to finance another month, or even several. But the ability to pay today is not fiscal sustainability, and a margin suspension that strips the downstream of more than GH¢600 million a month is not relief. It is a debt Ghanaians will repay later, with interest.

**Restore the margins. Publish the cost. Stop digging the hole. Suspend the taxes.**

SIGNED

Kojo Oppong Nkrumah (MP)
Chairman, NPP Policy Co-ordination Committee

For further comments, contact the FF;

1. George Kwame Aboagye (MP)– Co – Chair
2. Kwadwo Nsafoah Poku – Co – Chair
3. Andrew Agyepa Mercer – Spokesperson
4. Collins Adomako Mensah (MP) - Spokesperson