

International Fuel Prices 2010 / 2011

Data Preview – January 2011

www.gtz.de/fuelprices
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EXECUTIVE SUMMARY

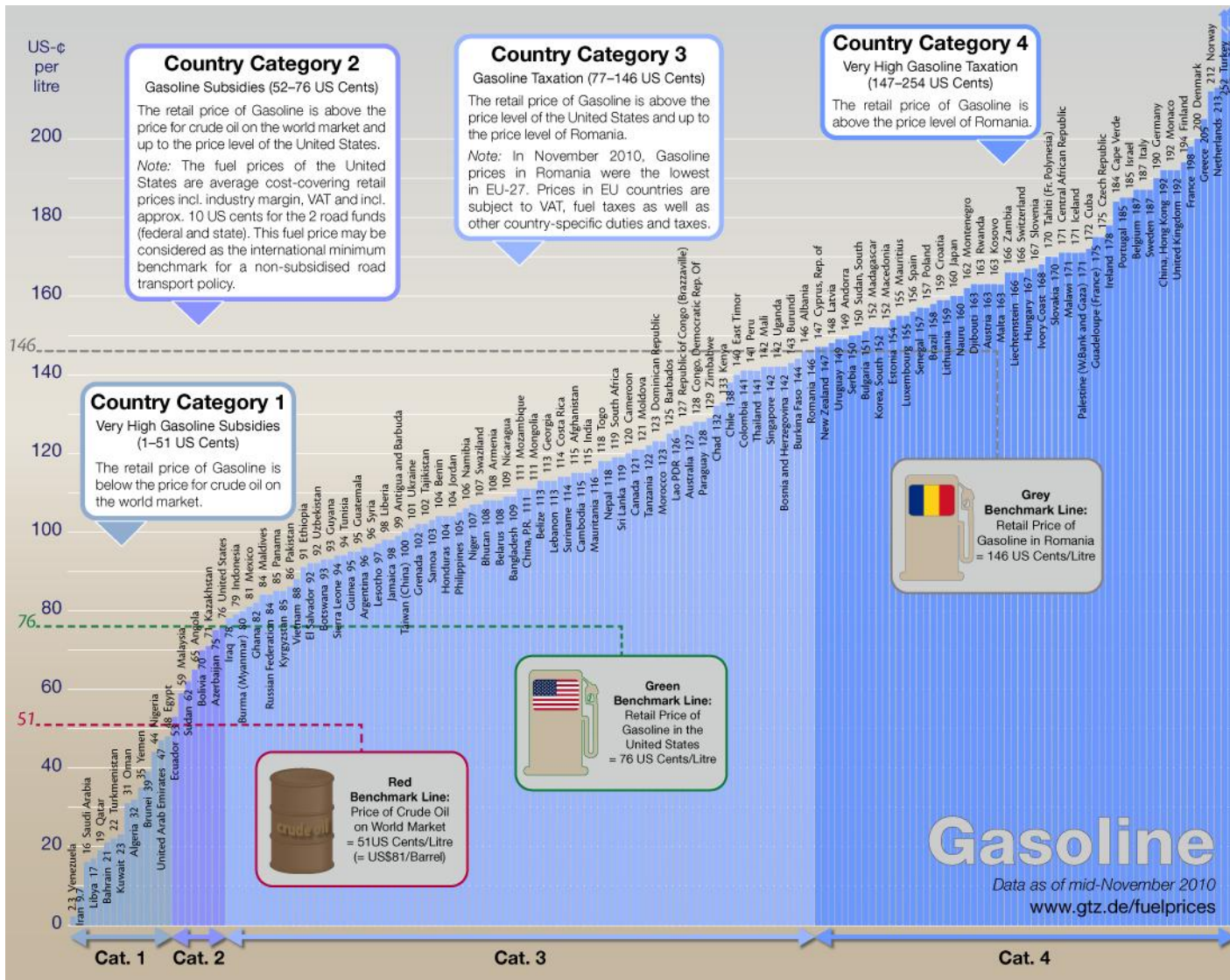
- The 2010/11 edition of GIZ “International Fuel Prices” provides an overview of **retail prices of gasoline and diesel in more than 170 countries**.
- Recent political turmoil in various countries has been at least partially linked to increasing commodity prices, including transport fuels. The public grievance about increasing prices is *inter alia* caused by often inappropriate regulatory approaches and limited transparency.
- In **countries with ad-hoc pricing** reform efforts need to be built on a long-term (5-10 years) perspective and should start with comprehensive transparency campaigns. Even if subsidies are maintained, these countries need to start introducing regular (monthly) price adjustments. Transparency is the crucial prerequisite for all subsequent steps. The reform timeline must be outlined including information on:
 1. Government plans and the motivation behind them.
 2. the phasing out of subsidies by a given date "201X" and the price increase intervals
 3. the introduction of taxes, if necessary with ear-marking (e.g. for transport projects, social safety nets, etc.)
- Countries with **regular price reviews or other forms of active regulation** are encouraged to continue the regular adjustment of prices based on changes of input parameters as well as to improve the transparency and / or to intensify outreach efforts. Temporary suspensions of regular price adjustments have proven difficult to implement as subsequent price increases might be substantial and the costs to the budget are potentially enormous. These countries may consider forgoing windfall tax profits that are collected through taxes based on percentage values (e.g. VAT).
- Countries with **passive or no regulation** may consider the application of tools that increase transparency and limit daily fluctuations as well as potential profiteering. This may include the publication of indicative maximum prices, the in-detail presentation of the price break-up as well as full transparency in terms of the costs of input products and margins.
- Fuel price increases – or the removal of subsidies – can have **negative impacts on the poor** they may limit the choices for poor and disadvantaged people to take part in public life, to pursue job opportunities and to access medical and education services. This needs to be addressed in a smart and effective manner without compromising the objective of a non-subsidised, energy efficient and low carbon

transport system. However, the potential impacts on the poor should not serve as an argument against the removal of subsidies (or for low fuel prices) because most of the benefits of low fuel prices accrue to the rich, i.e. those who lead energy intensive lifestyles.

- The current survey provides **a snapshot based on a crude oil price level of 81 USD per barrel in mid-November 2010**. Since then, prices have further increased – the window of opportunity to review pricing approaches in times of falling markets (as in early 2009) has passed. However, as such a window may re-open again **decision-makers should start preparing the necessary reform steps** since prices are expected to increase further in the next years.
- The **full report “GIZ International Fuel Prices 2010/2011”** will provide a detailed account of international fuel pricing policies and options for a low carbon, energy efficient and inclusive transport system. More information is available at www.gtz.de/fuelprices and www.sutp.org. It will be available in Spring 2011.
- The **GIZ-International Fuel Prices Observatory** offers a 2-year international fuel prices survey, detailed information on prices of fossil fuels world-wide (dimensions price level, regulation and transparency) and advisory services on pricing. In addition, the necessary linkages to sustainable mobility and climate change are provided. More on: www.gtz.de/fuelprices The GIZ International Fuel Prices Observatory is a long-time effort of GIZ (German International Cooperation) on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) to provide decision-makers with data on fuel prices on a global scale.
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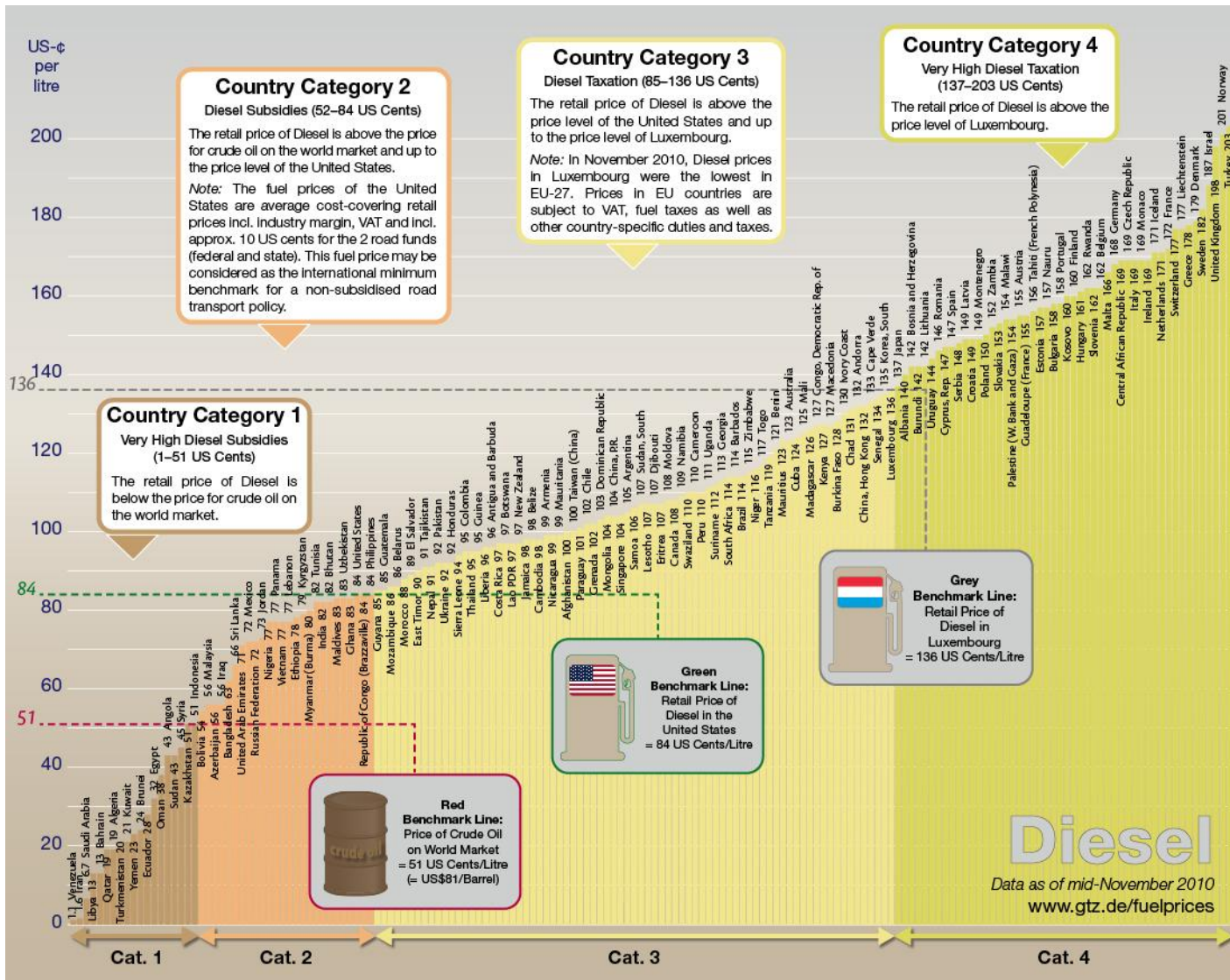
RETAIL PRICES OF GASOLINE in mid-November 2010

(at a crude oil price of US\$ 81/bbl BRENT)



RETAIL PRICES OF DIESEL in mid-November 2010

(at a crude oil price of US\$ 81/bbl BRENT)



OUR SURVEY

- Survey carried out in mid-November 2010
- Super gasoline and diesel prices in more than 170 countries.
- Price data reflect a crude oil price (Brent) of US\$ 81 per barrel.
- Fuel price data are mainly based on the global network of regional GIZ offices. Further data sources are German embassies/consulates worldwide and the German Automobile Association ADAC as well as other sources.
- Crude oil prices and exchange rates:

	Brent Crude Oil Price		Exchange Rate
	US\$/barrel	US Cents/litre	1 USD =
Mid-November 2004	43	27	0.77 €
Mid- November 2006	60	38	0.78 €
Mid- November 2008	48	30	0.79 €
Mid- November 2010	81	51	0.74 €

- 4 country categories are introduced to benchmark transport and energy policies:

Very High Subsidies (below red benchmark line)	Retail price of gasoline and diesel below price of crude oil on world market
Subsidies (below green benchmark line)	Retail price of gasoline and diesel above price of crude oil on world market and below price level of the United States. Cost-Covering retail prices incl. industry Margin, VAT and incl. approx. 10 US cents. This fuel Price being without other Specific Fuel Taxes may be considered as the International Minimum Benchmark for a non-subsidised Road Transport Policy.
Taxation (below grey benchmark line)	Retail price of gasoline and diesel above price level of the United States and below price level of Luxembourg (Diesel) and Romania (Gasoline). In November 2010, gasoline prices in Romania and diesel prices in Luxembourg were the lowest in EU-27. Prices in EU countries are subject to VAT, specific fuel taxes as well as other country specific duties and taxes. The EU deploys a full set of regulations on minimum prices of fossil fuels.
Very High Taxation (above grey benchmark line)	Retail price of gasoline and diesel above price level of Spain. At these levels, countries are effectively using taxes to generate revenues and to encourage energy efficiency in the transport sector.

For more information on our work, please visit:

- International Fuel Prices: www.gtz.de/fuelprices
- Sustainable Urban Transport including “Sustainable Transport: Sourcebook for Policy-makers in Developing Cities”: www.sutp.org
- GIZ Transport and Mobility: www.gtz.de/transport
- Transport and Climate Change: www.transport2012.org

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