GIZ INTERNATIONAL
FUEL PRICES

International Fuel Prices 2018/19

20 This publication marks the 20th year jubilee of the study, presenting fuel prices for 179 countries.

This biennial study is conducted by GIZ on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ) and represents the most comprehensive dataset on fuel prices worldwide.

AT A GLANCE:

- Fuel prices of 179 countries as of mid-November 2018
- Highest prices for gasoline in Hong Kong (2.09 $ [1]) and for diesel in Norway (1.93 $)
- Lowest prices in Venezuela, where gasoline and diesel were virtually for free
- Retail price in the United States: 0.88 $ for both, gasoline and diesel
- In the European Union: Lowest prices in Bulgaria with 1.26 $ for gasoline and Luxembourg with 1.31 $ for diesel
- Fuel prices in 53 countries were below market prices. The UN Sustainable Development Goal 12 explicitly calls for a phase-out of inefficient fossil fuel subsidies.
- While diesel is still cheaper than gasoline (1.07 $ compared to 1.14 $ on global average), the diesel price is growing at a higher rate. This is mainly due to increasing quality requirements.
- Compared to the 2016/17 report: Fuel prices (converted to US Dollar) increased by 17 % (gasoline) and 25 % (diesel) on a global scale.
- The price for Brent crude oil stood at 65 US $ per barrel at mid-November 2018. An increase of 43 % to 2016/17.

1 All prices in $ refer to the US Dollar per litre

SUSTAINABLE DEVELOPMENT GOALS
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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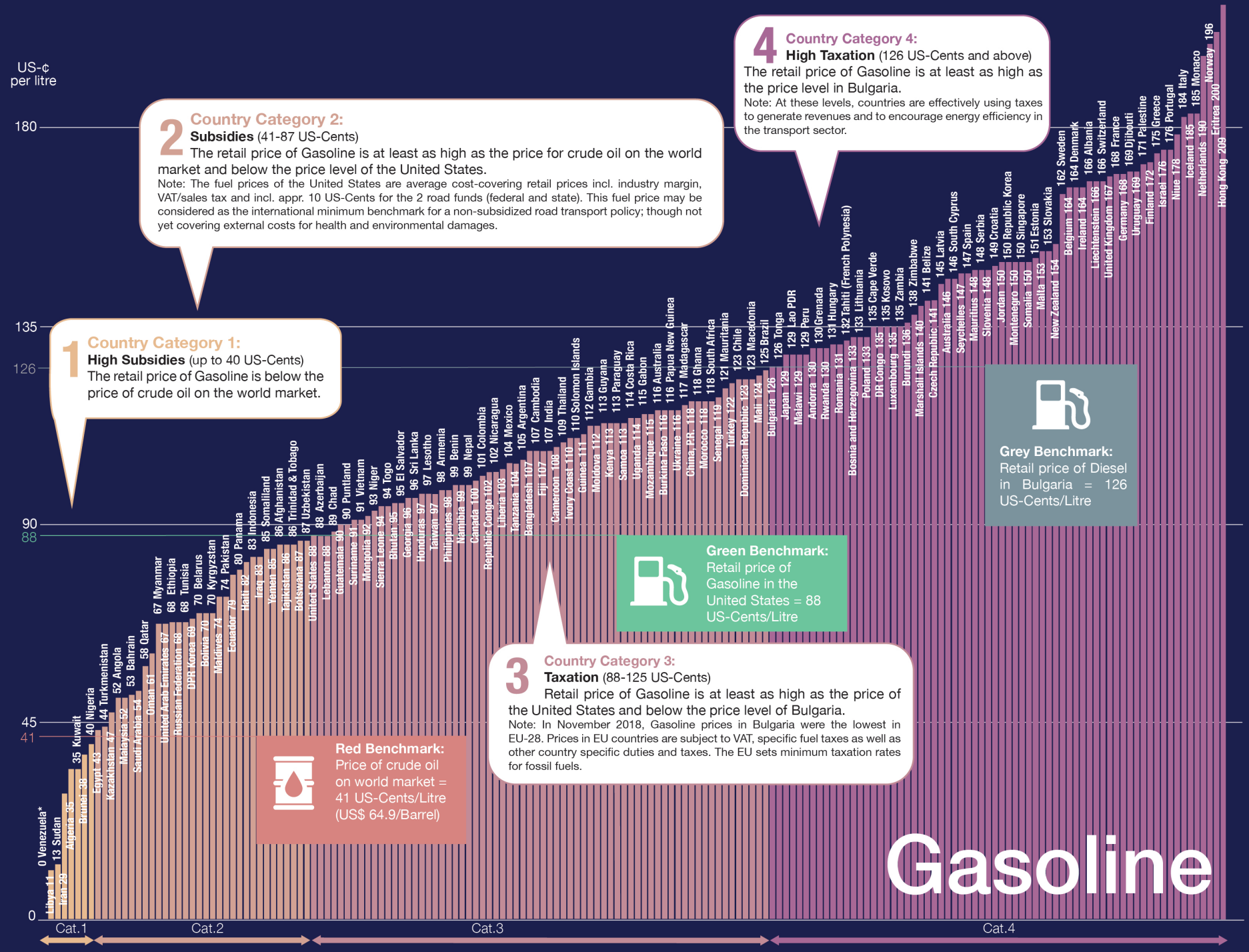


1 Country Category 1:
High Subsidies (up to 40 US-Cents)
The retail price of Gasoline is below the price of crude oil on the world market.

2 Country Category 2:
Subsidies (41-87 US-Cents)
The retail price of Gasoline is at least as high as the price for crude oil on the world market and below the price level of the United States.
Note: The fuel prices of the United States are average cost-covering retail prices incl. industry margin, VAT/sales tax and incl. appr. 10 US-Cents for the 2 road funds (federal and state). This fuel price may be considered as the international minimum benchmark for a non-subsidized road transport policy; though not yet covering external costs for health and environmental damages.

3 Country Category 3:
Taxation (88-125 US-Cents)
Retail price of Gasoline is at least as high as the price of the United States and below the price level of Bulgaria.
Note: In November 2018, Gasoline prices in Bulgaria were the lowest in EU-28. Prices in EU countries are subject to VAT, specific fuel taxes as well as other country specific duties and taxes. The EU sets minimum taxation rates for fossil fuels.

4 Country Category 4:
High Taxation (126 US-Cents and above)
The retail price of Gasoline is at least as high as the price level in Bulgaria.
Note: At these levels, countries are effectively using taxes to generate revenues and to encourage energy efficiency in the transport sector.

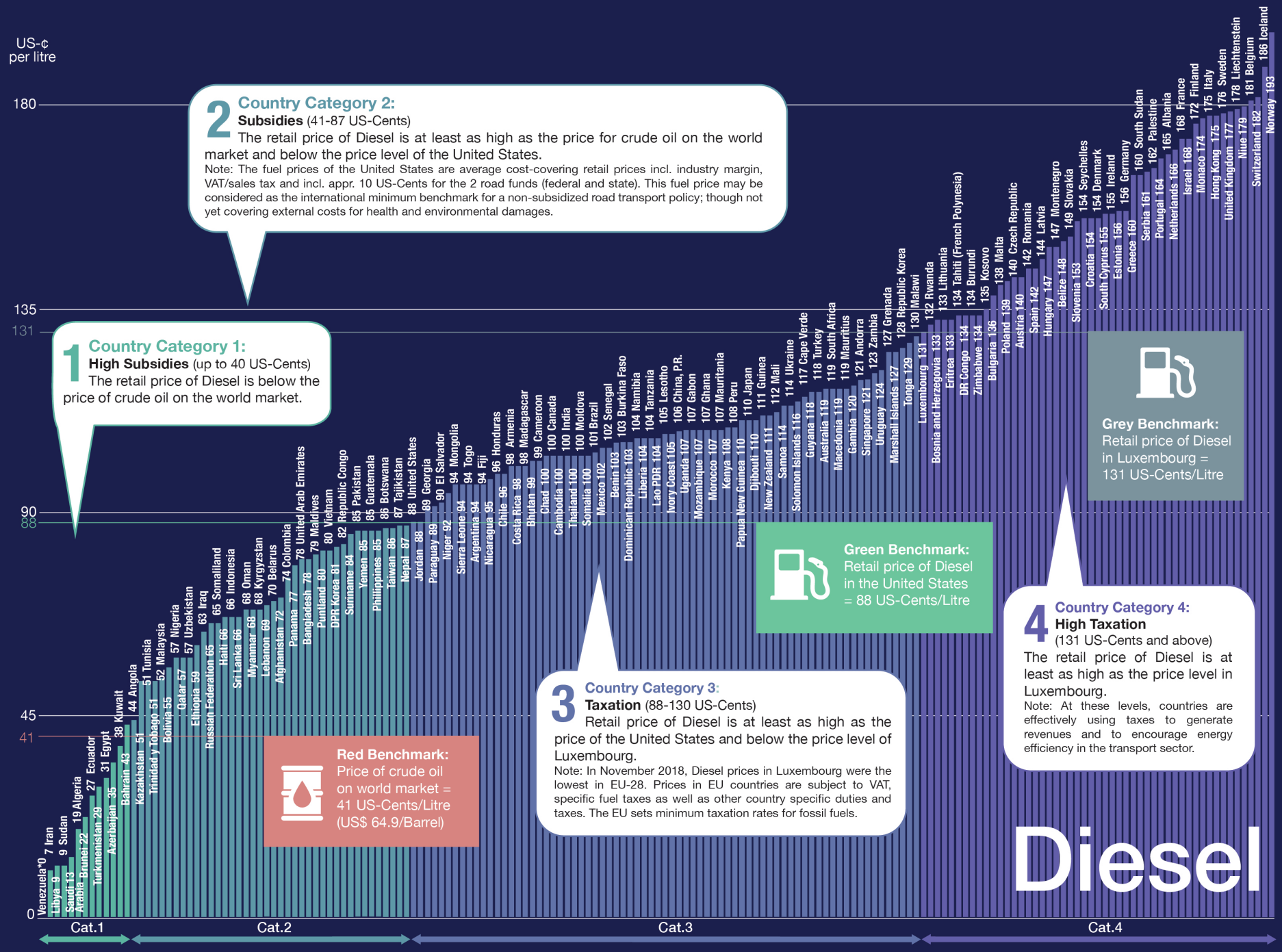
Red Benchmark:
Price of crude oil on world market = 41 US-Cents/Litre (US$ 64.9/Barrel)

Green Benchmark:
Retail price of Gasoline in the United States = 88 US-Cents/Litre

Grey Benchmark:
Retail price of Diesel in Bulgaria = 126 US-Cents/Litre

**The retail price of Gasoline in Venezuela was 0.0000009 US-Cents per litre and therefore virtually for free.*

Disclaimer: Please note, that any names of states in this publication are used for geographical distinction only and do not reflect the position of the German Federal Government or GIZ on territorial disputes.



*The retail price of Diesel in Venezuela was 0.0000009 US-Cents per litre and therefore virtually for free.

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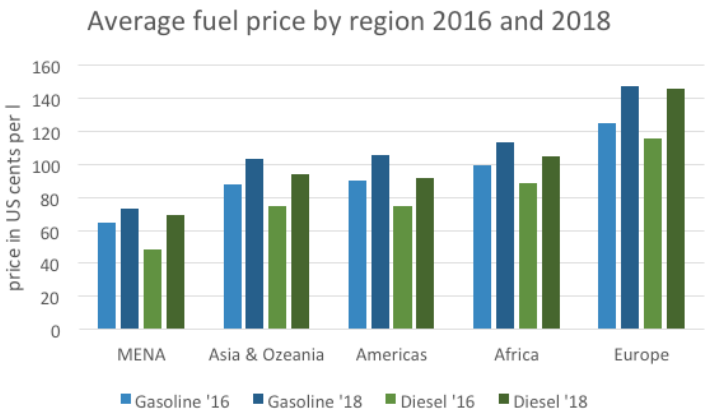
TRENDS OF FUEL PRICES

Compared to the last study in 2016/17, an overall price increase is noticeable. Gasoline and diesel prices rose to 1.14 $ and 1.09 $ per litre on average, an increase of 17% and 25% respectively. In local currencies, the price increases were even stronger with 21% and 31% for gasoline and diesel, respectively. These differences are due to the devaluation of certain national currencies in comparison to the US Dollar. As the crude oil and fuel trade on the world market is done in US Dollar, exchange rates influence fuel prices. Compared to November 2016, the USD-EUR exchange rate decreased by 5 % to 0.88 €. The trade weighted US Dollar index of November 2018, that sets the US Dollar in relation to other world currencies, was almost identical to the November 2016 figure. In conclusion, changes in exchange rates did drive prices up in certain developing and emerging countries with depreciating currencies but were not a major factor in the raise of global fuel prices, despite a rising US Dollar in 2018.

The main reason for this price hike is rather the development of the crude oil price. The price for Brent crude oil rose up to 86 $ per barrel in October 2018, which marked the highest price in the last four year, followed by a collapse at the end of 2018. By mid-November the price stood at 65 $ per barrel. Compared to November 2016 (46 $ per barrel), this was still a price increase by 43 %.

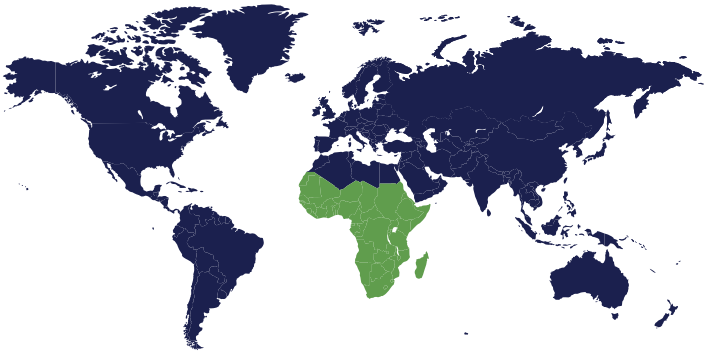
REGIONS AT A GLANCE



- Prices in Europe were the highest with an average of 1.48 $ and 1.46 $ for gasoline and diesel respectively. Twice as much as the average prices in the MENA region (0.74 $ and 0.69 $)
- Gasoline prices rose strongest in Europe (by 0.22 $ or 19 %) and least strong in MENA (by 0.07 $ or 16 %)
- Diesel prices also rose strongest in Europe (by 0.30 $ or 27 %) and least strong in MENA (by 0.13 $, 38 %)

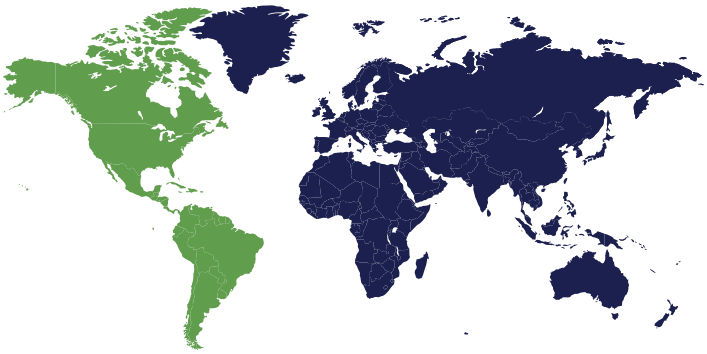
AFRICA

- Average price increases: Gasoline: 0.13 $ (15%); Diesel: 0.15 $ (19 %)
- Due to strong devaluation of national currencies, fuel prices in $ dropped in several countries without a decrease of price in local currencies (Angola, Dominican Republic, DR Congo, Ethiopia, Gambia, Nigeria, Sierra Leone, Zambia)
- Several countries with fixed prices still remained on their November 2016 price levels (Angola, Cameroon, Republic Congo, Eritrea, Niger, Senegal)



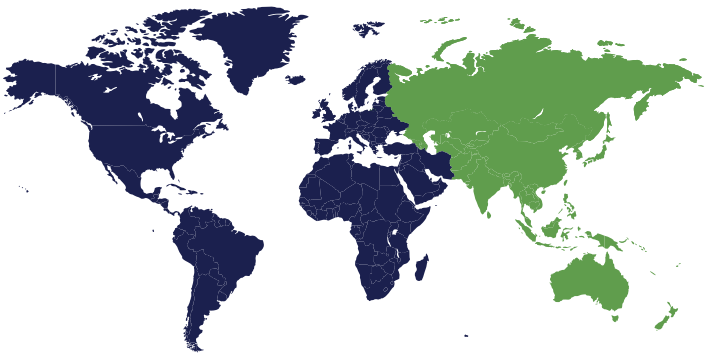
AMERICAS

- Average price increases: Gasoline: 0.16 $ (15%); Diesel: 0.16 $ (23 %)
- Price decrease in US Dollar due to currency devaluation without decrease of prices in local currencies in Argentina, Bolivia and Honduras
- Prices in Bolivia were still fixed on the 2016 level



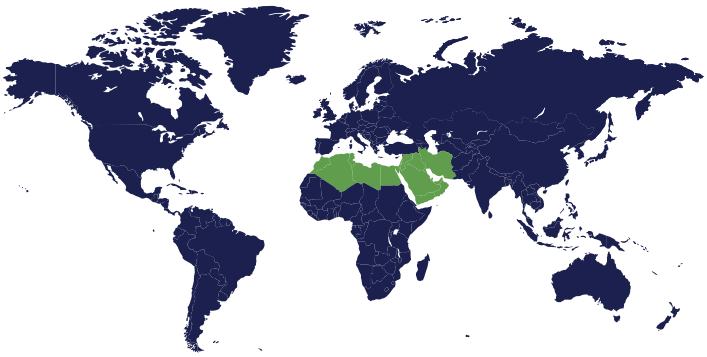
ASIA & OZEANIA

- Average price increases: Gasoline: 0.13 $ (17%); Diesel: 0.15 $ (22 %)
- Price decrease in US Dollar due to currency devaluation in Uzbekistan, Turkey, Pakistan, Bangladesh and Bhutan
- Prices still fixed on 2016 level in Bangladesh and Brunei



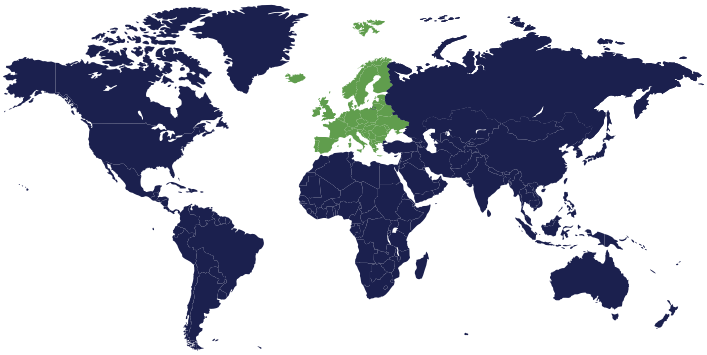
MENA (Middle East & North Africa)

- Average price increases: Gasoline: 0.07 $ (16%); Diesel: 0.13 $ (38 %)
- Lowest prices for gasoline and diesel; Lowest price increase
- Yet, the relative growth of diesel prices was the highest (38 %)
- Price decrease in US Dollar due to currency devaluation in Sudan, Iran, Yemen and Tunisia
- Prices fixed on 2016 levels in Kuwait, Libya and Iran



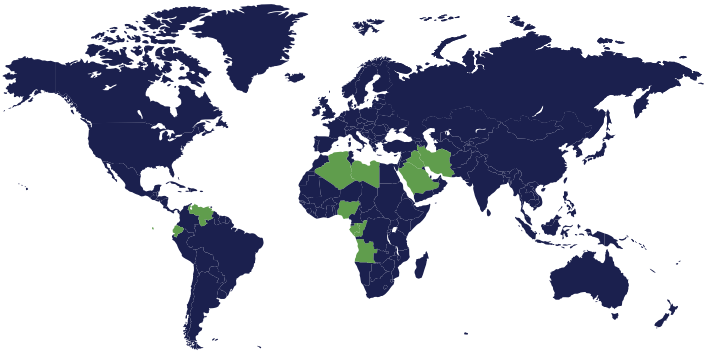
EUROPE

- Average price increases: Gasoline: 0.22 $ (19%); Diesel: 0.30 $ (27 %)
- Highest average fuel prices of all regions ; Highest growth in prices
- Prices still fixed on 2016 levels in Azerbaijan



OPEC (Organization of the Petroleum Exporting Countries)

- Average price increases: Gasoline: 0.07 $ (12%); Diesel: 0.01 $ (2 %)
- Fuel prices in OPEC States are much lower than in other countries (averaging 0.56 $ for gasoline and 0.44 $ for diesel). In addition, the growth in prices was the lowest.
- Except for Republic of Congo and Gabon, all OPEC countries[2] had fuel prices below the U.S. price, which marks the benchmark for subsidised prices.
- There is no unified price policy, as the fuel price range was diverse (especially regarding the diesel prices).



2 No data available for Equatorial Guinea

POLICY REGULATIONS, PRICING AND SUBSIDIES

Rising fuel prices and changes in pricing schemes have proven to be a cause for major social unrest. Over the last two years, there have been a multitude of protest worldwide triggered by increasing fuel prices. The Yellow-Vests-Movement in France, originating in protests against a fuel tax increase, has become the biggest social unrest in France since 1968 and resulted in the suspension of the tax increase and influenced protest throughout Europe and beyond. A drastic price increase in Haiti in July 2018 was suspended due to violent and deadly outbreaks and protests. In Sudan, scores of people were hurt in protests of bread and fuel price increases. Most recently, a major fuel price increase in Zimbabwe has caused widespread protest and resulted in the government deploying the military and shutting down the internet.

Although the removal of subsidies creates a powder keg of social unrest, there is a global consensus on the importance of reforming fuel pricing schemes, especially with regards to the reduction of fossil fuel subsidies. This consensus emerged with the G20 commitment to phase out of fossil fuel subsidies in 2009. This set the cutback on fossil fuel subsidies on the mainstream political agenda with various inter-governmental and non-governmental organizations such as OPEC, IEA, World Bank, 'Global Subsidies Initiative' and the 'Friends of Fossil Fuel Subsidy Reform' calling for reforms of subsidies and pricing schemes. This manifested in the Sustainable Development Goals (SDG12), which explicitly call for a phase-out of inefficient fossil fuel subsidies.

In general, fuel subsidies are criticized for environmental as well as for social reasons. In order to comply with the standards set at the Paris Agreement 2016, a drastic decarbonisation in the transport sector is necessary. Subsidies hinder the transformation towards sustainable transportation and hide the true environmental costs of fossil-fueled mobility. Moreover, consumer subsidies on fuels have proven to be socially regressive and to particularly benefit middle- and high-income households.

Goal 12: Ensure sustainable consumption and production patterns

TARGET 12.C:

Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities.

While putting a high burden on state budgets, fuel subsidies tend to foster inequality - especially in low-income countries. Coupled with more targeted support for the poor and increased sustainable mobility options, a cutback on fuel subsidies is a socially, economically and environmentally sound decision.

Despite rising oil prices and political and social hurdles, considerable pricing reforms for gasoline have been implemented in oil producing countries such as Saudi Arabia and Turkmenistan, which used to sell gasoline below the world market price of crude oil. Further price increases include countries that heavily subsidise gasoline such as Qatar and the United Arab Emirates.

Regarding diesel prices, Egypt has more than doubled its still subsidised price. Other substantial price adjustments for diesel were made in Trinidad and Tobago, Qatar, Lebanon and Oman.

This paints the picture of a global trend of reduction of fuel subsidies. Yet, most recent data from the International Energy Agency (IEA) contradicts this. While subsidies on fossil fuel consumption were on the decrease and almost halved between 2012 and 2016, this trend has reversed with increasing fuel prices. In the World Energy Outlook 2018[3], the IEA revealed that the global volume of subsidies in 2017 grew by 12 % – mainly due to rising oil prices. While low oil prices in 2014 to 2016 provided a good opportunity to implement subsidy reforms, the recent rise of the oil price is putting pricing reforms under pressure and increased the volume of subsidies. Nevertheless fuel pricing reforms are an important tool in realising a resilient and sustainable development in countries. The following policy recommendations can guide the development of more sustainable fuel price policies:

3 International Energy Agency: World Energy Outlook 2018. Available at: http://webstore.iea.org/world-energy-outlook-2018

POLICY RECOMMENDATIONS

1) Pricing Principles

Apply cost coverage. Fuel prices should cover the full costs of production, import, transport and refining, including depreciation and external costs of production (e.g. environmental costs) in order to maintain a viable up- and downstream industry.

> *Countries are increasingly employing this pricing principle, to a bigger extent toward gasoline, less for diesel: margins, levies and taxes represent a considerable share of the retail price in most countries today. However, exchange rate fluctuations pose an increasing challenge to many countries.*

Apply fuel taxes. Fuel taxes contribute to the development of the transport sector (e.g. for financing road maintenance, public transport subsidies, technology innovation programmes), and can also be used to supplement the general state budget (e.g. for financing health services, education and security).

> *Rule of thumb for financing road maintenance: prices should include a minimum added tax of US 10 cent per litre. As fuel taxes are straightforward to collect, they are a major source of revenue in many countries. Additionally, fuel should be subject to full VAT as any other good.*

Internalise external effects of transport sector. Fuel pricing should reflect the costs of external effects of the transport sector (e.g. CO_2 emissions, noise, accidents, congestion) by implementing measures such as an *Eco-tax* or *Road Safety Cent*.

> *The inclusion of external costs increases fuel prices, which generally shifts driving behaviour towards more sustainable transport modes.*

2) Price Regulation Principles

Reflect changes in costs and inflation. Fuel prices adjustments should reflect changes in cost of production/import, transport and refinery, including depreciation and external costs of production (e.g. environmental costs) and changes in exchange rates. Fuel pricing schemes should also allow for adjustment to inflation.

> *Ad-hoc pricing schemes lack a proper legal framework, information and monitoring, and are often associated with fuel subsidies. The implementation of an automatic, statutorily regulated pricing/ adjustment mechanism that fully reflects all costs is a useful tool to provide transparent and depoliticized fuel pricing. Automatic pricing can be used as a transitory mean, e.g. on the way to deregulation. Deregulated prices require a mature market with a sufficient number of players in the market, strong regulatory oversight and alert media/civil society.*

Limit budgetary consequences. Regular fuel price adjustments limit budgetary impacts.

> *Properly applied price adjustments or an automatic pricing mechanism limit the impact of external price shocks. Additionally, in the case of subsidisation of selected products, the provision of "smart cards" helps to better administer and regulate individual fuel consumption, and thus, to better manage the total amount of fuel subsidies.*

3) Transparency Principles

Institutional stakeholders in price setting are known. Information on institutional stakeholders involved in the determination of price levels and elaboration of price adjustments should be made available.

Principles of price setting are transparent. Information on pricing determinants, update frequency and the underlying formula (if automatic mechanisms are applied) should be publicised.

Information on price composition is available. Information on taxation levels and composition of fuel prices should be made available.

Information on prices and price setting is made easily available to the public. Comprehensive and easy-to-access information should be displayed on the web, including: current price data for all fuel products; timelines of prices; price components (production and/or import prices, taxation levels, and other charges); description of structure and modus operandi of pricing mechanisms (if applied); and underlying legislation.

> *Since fuel prices and fuel subsidies rank high on political agendas and are deeply embedded in the public interest, increased transparency and the provision of information in terms of price setting, composition, adjustment and level of subsidisation not only contributes to the discussion, but also improves public awareness and understanding of this issue.*

4) Enforcement Principles

Application and realisation of pricing policy must be monitored, supervised and enforced. Regulated prices or transparency regulations should be enforced; complementary measures should be taken to prevent black markets, smuggling and adulteration (e.g. kerosene and diesel).

> *Smuggling and adulteration is often present in countries with drastic price differences between various products. E.g. significantly different pricing of diesel and kerosene can encourage adulteration.*

MORE INFORMATION

GIZ INTERNATIONAL FUEL PRICES

GIZ International Fuel Prices - provides decision-makers with data on fuel prices on a global scale. GIZ, with its global network of projects in 135 countries, regional offices and representations in 64 developing countries, publishes a biennial study "International Fuel Prices" on the global fuel sector since 1999. http://www.giz.de/fuelprices

SUTP. Sustainable Urban Transport Project

SUTP – Sustainable Urban Transport Project - SUTP supports decision-makers worldwide to plan and to implement innovative and sustainable mobility solutions. SUTP offers a comprehensive knowledge platform, capacity development, hands-on advice and networking opportunities. Within the past 15 years, more than 5 000 decision-makers, planners and students have benefited from our training offers. We've produced a rich library of Sourcebook Modules, Technical Documents, Case Studies, Factsheets, Policy Briefs and Reading Lists. All documents are accessible through our webpage, along with a comprehensive photo collection and a video channel. Be invited to use and distribute them! www.sutp.org

German Partnership for Sustainable Mobility
Sustainable Mobility – Made in Germany

GPSM – German Partnership for Sustainable Mobility - The GPSM is serving as a guide for sustainable mobility and green logistics solutions from Germany. As a platform for exchanging knowledge, expertise and experiences, GPSM supports the transformation towards sustainability in developing and emerging countries. More than 170 friends from academia, businesses, civil society and associations are participating in the network and are happy to share their knowledge. www.german-sustainable-mobility.de

TUMI Transformative Urban Mobility Initiative

TUMI – Transformative Urban Mobility Initiative - enables leaders in developing countries and emerging economies to create sustainable urban mobility. It offers technical and financial support for innovative ideas. In TUMI the German Federal Ministry of Economic Cooperation and Development (BMZ) has brought together some of the world's leading institutions working on sustainable mobility with city networks and think tanks to implement projects on site where they are needed most. Partners include ADB, CAF, WRI, ITDP, UN-Habitat, SLoCaT, ITDP, ICLEI, GIZ, KfW and C40. A transition towards sustainable urban mobility requires a shift in policy making and investment decisions. TUMI will support projects, leadership development and career building for urban leaders, decision-makers, planners and students; ultimately connecting 1500 leaders worldwide. We believe in capacity building, mobilization of investments and supporting approaches on the ground as the most effective measures to follow the set goals and achieving a more sustainable urban future. www.transformative-mobility.org

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