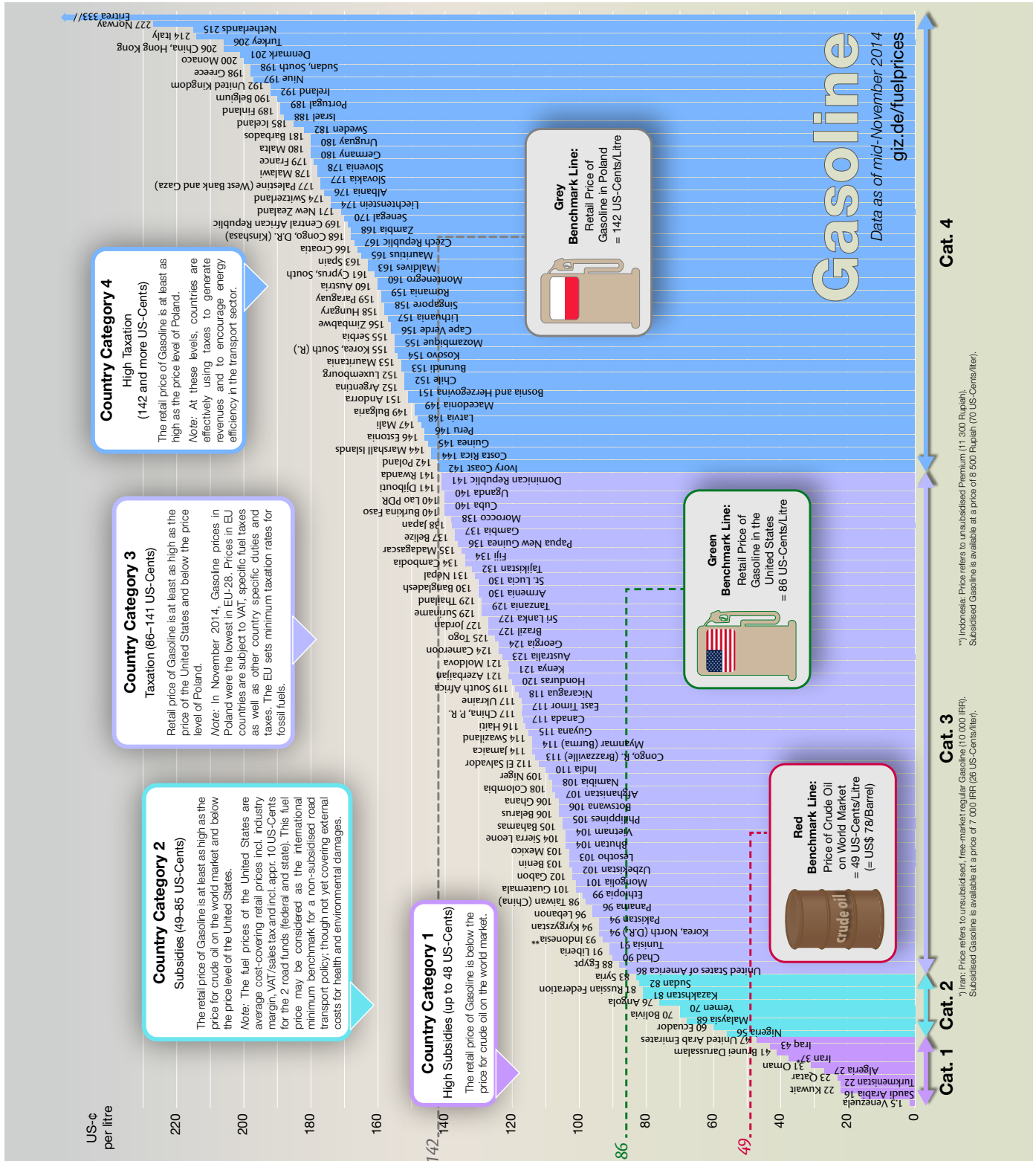




# International Fuel Prices 2014

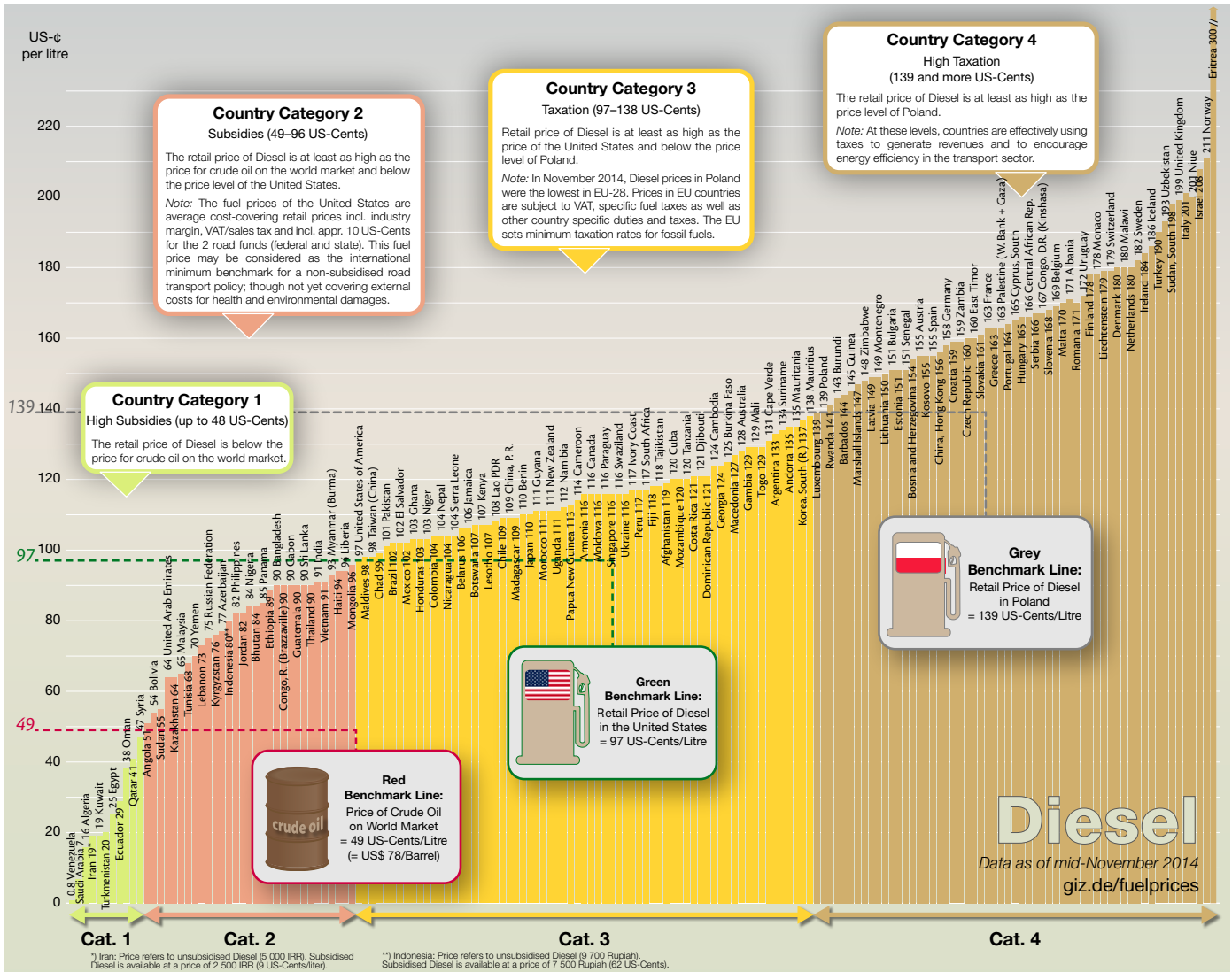
## Data Preview



# Our 2014 survey at a glance

- Super gasoline and diesel retail prices in 174 countries, conducted mid-November 2014
- World market

Crude oil price (Brent) on reference day: USD 78.20 per barrel (49 US cents per litre).  
 The oil price had decreased by 29% (- 0.20 per litre) compared to November 2012.  
 USD-EUR exchange rate: USD 1 = EUR 0.80.



## Policy Recommendations

The pricing of transport fuels is a major concern in many countries – often associated with high financial burdens, social unrest and concerns over macroeconomic stability. A sound fuel pricing policy would aim at mitigating these effects. Further, it would help shift people and goods to more sustainable modes, encourage dense and smart

cities, and foster more efficient vehicles. This would, inter alia, result in less reliance on fossil energy resources, improved air quality and reduced congestion. The following principles can guide the development of more sustainable fuel price policies:

## 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 applied to 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 10 US-cents 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 the transport sector.** Fuel pricing should reflect the costs of external effects of the transport sector (e.g. CO<sub>2</sub> 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 limits 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 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 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

- International Fuel Prices: [www.giz.de/fuelprices](http://www.giz.de/fuelprices)
- Sustainable Urban Transport including *Sustainable Transport: Sourcebook for Policy-makers in Developing Cities*: [www.sutp.org](http://www.sutp.org)
- GIZ Transport and Mobility: [www.giz.de/transport](http://www.giz.de/transport)
- Transport and Climate Change: [www.transport2020.org](http://www.transport2020.org)
- Find trainings, webinars and e-learning on sustainable urban transport worldwide here: [www.capsut.org](http://www.capsut.org)
- German Partnership for Sustainable Mobility: [www.german-sustainable-mobility.de](http://www.german-sustainable-mobility.de)

# Our Resources

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## Factsheets

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- Available for more than 130 countries
- Price in USD and local currency (some since 1991)
- Price composition
- Pricing policy
- Transparency evaluation

Learn more here:

[https://energypedia.info/index.php/International\\_Fuel\\_Prices](https://energypedia.info/index.php/International_Fuel_Prices)

## Report “International Fuel Prices”

- Overview and data on retail prices of gasoline and diesel in more than 170 countries
- Detailed information on price levels, pricing dimension, subsidies, taxation, regulation and transparency
- Published every two years

Download here: [www.giz.de/fuelprices](http://www.giz.de/fuelprices)



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