

Fuel Prices in ASEAN Countries



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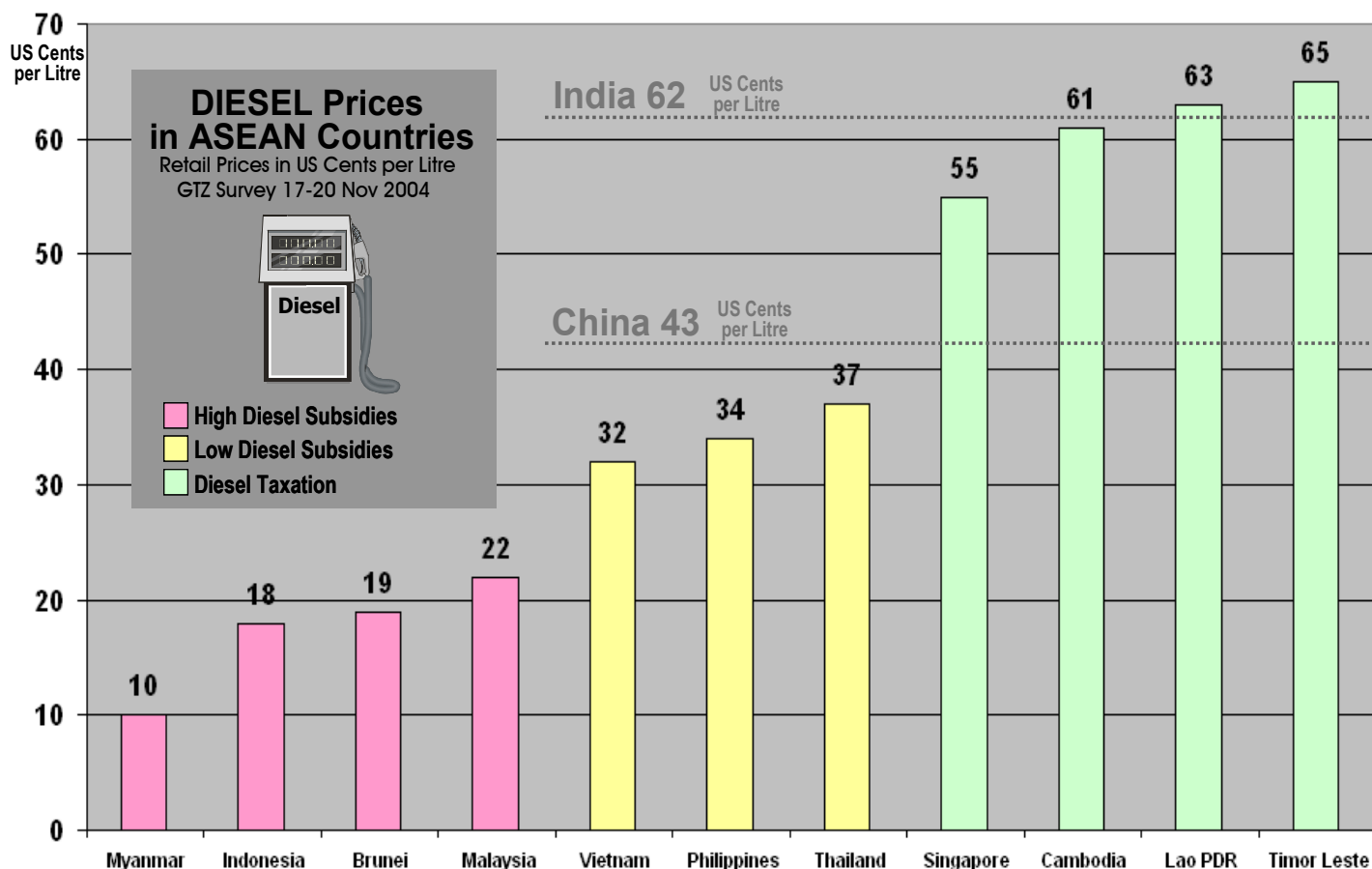
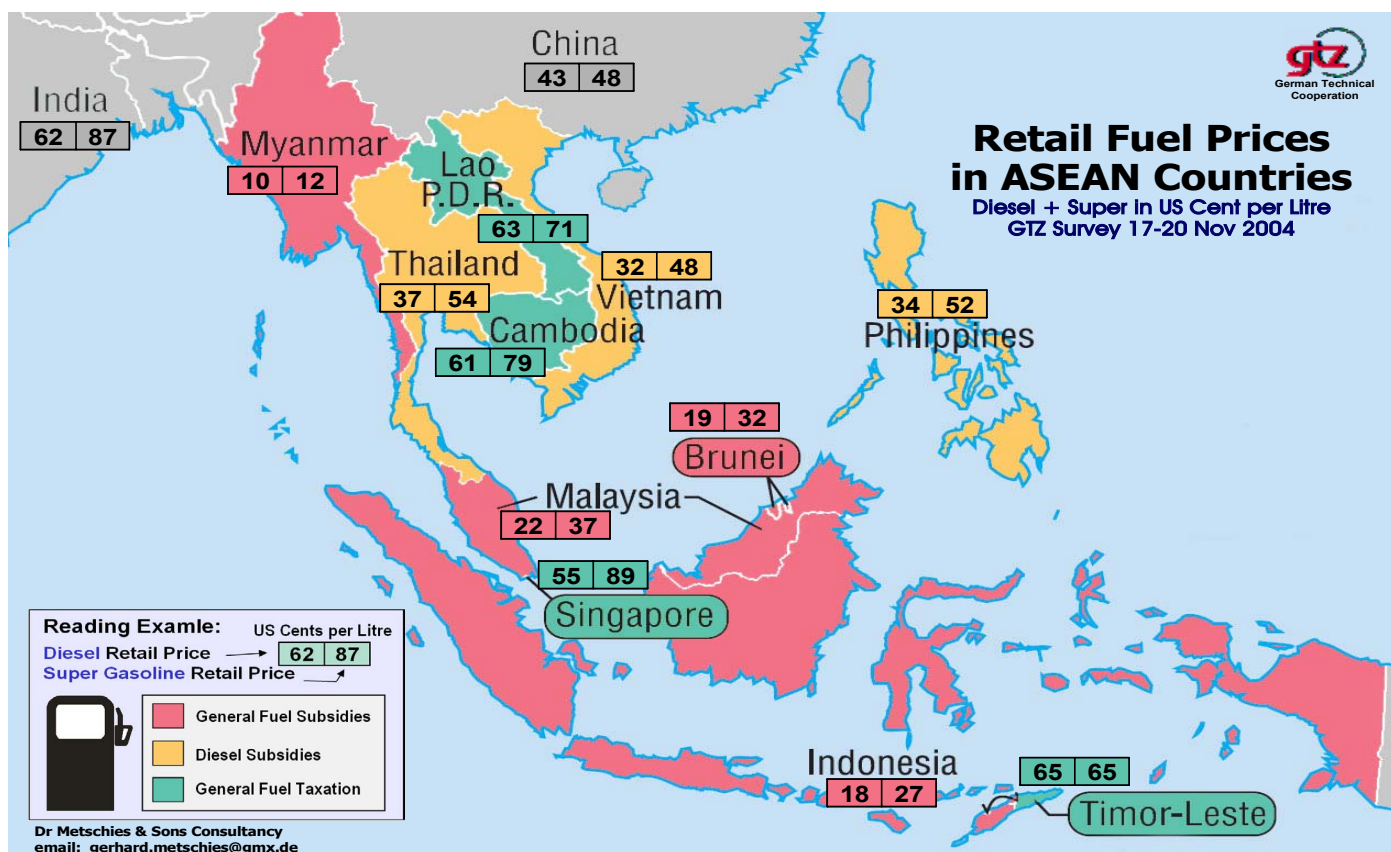


German Federal Ministry for
Economic Cooperation and
Development (BMZ)

Bundesministerium für
wirtschaftliche Zusammenarbeit
und Entwicklung (BMZ)



The different Fuel Price Policies in ASEAN Countries



Time Series of Retail FUEL Prices in ASEAN Countries

prices in US Cents per litre at filling station*

ASEAN Countries	DIESEL					SUPER Gasoline				
	1995	1998	2000	2002	2004	1995	1998	2000	2002	2004
Myanmar (Burma)		12	12	28	10		13	33	36	12
Indonesia	20	7	6	19	18	44	16	17	27	27
Brunei		18	18	18	19		34	31	30	32
Malaysia	26	17	16	19	22	42	28	28	35	37
Vietnam	25	26	27	27	32	34	35	38	34	48
Philippines	27	22	28	27	34	34	34	37	35	52
Thailand	30	27	35	32	37	34	30	39	36	54
Singapore		36	38	38	55		72	84	85	89
Cambodia		28	44	44	61		47	61	63	79
Lao PDR		24	32	30	63		31	41	36	71
Timor Leste					65					65

Other Asian Countries	DIESEL					SUPER Gasoline				
	1995	1998	2000	2002	2004	1995	1998	2000	2002	2004
Bangladesh	31	26	29	29	34	36	47	46	52	59
New Zealand	32	39	34	33	41	61	64	48	55	77
Sri Lanka	23	30	27	31	41	75	84	66	54	72
China	24	25	45	37	43	27	28	40	42	48
Russian Federation	28	18	29	25	45	35	28	33	35	55
Nepal	22	24	37	34	49	52	59	63	66	72
Bhutan		26	38		59		59	58		78
Korea, Dem. Rep. (North Korea)		41	35	41	61		73	55	55	78
India	19	21	39	41	62	48	56	60	66	87
Papua New Guinea		28	34		64		41	53		94
Fiji		37			73		50			91
Australia		45	57	48	83		46	57	50	85
Japan	75	69	76	66	95	125	102	106	91	126
Korea, Rep. (South Korea)	33	41	66	64	95	79	93	92	109	135
China, Hong Kong	74	85	80	77	100	119	136	146	147	154

Dr Metschies & Sons Consultancy, email: gerhard.metschies@gmx.de * last GTZ Survey: 17-20 Nov 2004

Unit Conversion for Myanmar (Burma)

1 US Gallon = 3,785 Litre

About the data

The data on fuel prices are compiled by the German Agency for Technical Cooperation GTZ (www.gtz.de/english) in cooperation with the Transport Financing and Energy Taxation Consultancy Dr Metschies & Sons (gerhard.metschies@gmx.de).

The fuel price data are based mainly on the global network of regional GTZ offices. Further data sources are German embassies/consulates worldwide and the German Automobile Club ADAC (www.adac.de) as well as other sources.

The retail fuel prices of 171 countries will be analysed in the upcoming final version of the GTZ core literature "[International Fuel Prices 2005](#)" (4th edition, 120 pages, 350 diagrams, 40 tables) to be downloaded as PDF file free of charge in different languages at

www.zietlow.com and at www.internationalfuelprices.com (web site under construction).

Executive Summary

This energy note of GTZ draws on recent price data from **11 ASEAN countries** – developing, newly industrialising and industrialised – to arrive at the following conclusions:

- 1 The globalisation of world markets has levelled consumer prices for many goods such as motor vehicle prices in ASEAN countries to such an extent that the price ratio for equivalent vehicles no longer exceeds about approximately 50% between different countries. Transport FUEL prices, however, differ on a scale of as much as 500 %. (Diesel in MYANMAR cents 10 US cents vs. Diesel in Cambodia 61 US cents/per litre) Thus the relative fuel price difference is 10 times greater than the relative motor vehicle price difference.
- 2 The issue of appropriate energy pricing in ASEAN countries needs clarification and harmonisation, not only from the point of view of the national economy, but of environmental policy also. This international issue of the “right” energy and fuel price may even be more urgent in the general context of widespread general energy subsidies.
- 3 Data used for this ASEAN energy note were taken on 17-20 November 2004 , based on a crude oil price (Brent) at this time of US\$ 42 per barrel. According to the results of the GTZ investigations, the energy and fuel price policies of the 11 ASEAN countries can be assigned to one of 3 CATEGORIES:

Category 1

contains 4 countries subsidising fuel prices, where fuel is sold at prices well below the world market reference price, i.e. without fuel taxation.

Diesel Prices start at 10 US cent per litre in Myanmar, reach 18 US cents per litre in Indonesia, 19 Cents in Brunei and 22 Cents in Malaysia.

Super Gasoline prices start at 12 US cents per litre in Myanmar, reach 27 in Indonesia, 32 Cents in Brunei and 37 Cents in Malaysia.

Category 2 contains 3 countries in the intermediate zone of slightly subsidized diesel and slightly taxed super gasoline.

In Vietnam, Philippines and Thailand the Diesel prices range from 32 to 37 US cents per litre, while Super Gasoline ranges from 48 to 54 US Cents per litre.

Category 3 contains 4 countries which pursue a high-price policy and therefore only levy an average tax on diesel and gasoline as well.

Diesel prices stand in Singapore at 55 US Cents per litre, reach 61 Cents in Cambodia, 63 Cents in Laos and 65 in Timor Leste

Super Gasoline Prices range from 65 US Centsper litre in Timor Leste, reach 71 Cents in Laos, 79 in Cambodia and 89 in Singapore.

- 4 Fuel Taxation in the countries of category 3 may become even a major source of **STATE FINANCING**.

On the other hand **fuel SUBSIDISATION**, as practised in Myanmar, **Indonesia, and Malaysia** may become a major cause of unbalance of the State Budget. (The additional burden of subsidised cooking oil (kerosene) - not handled in the report - may even aggravate the situation)

- 5 An additional problem is the – often illicit -cross-border trade of fuel. This refers to trade routes from Myanmar to Laos (with a profit rate of 59 US Cents per Litre Super Gasoline) as well as from Vietnam to Cambodia and Laos (with a profit rate for diesel of approximately 30 US Cents per Litre). In the long run problems like these may only be solved by an harmonisation of prices within the ASEAN countries.
- 6 A change in fuel price policy by rising consumer prices is a possible option. As demonstrated by the time series of fuel prices of the gtz report (covering the period 1995 to 2004), a considerable fuel price hike took place during the last 2 years in Laos, Cambodia and Singapore. The diesel price increase in these countries ranged from 17 US Cents to 33 US cents per litre within a period of the last 24 months.
- 7 Energy and Fuel prices in ASEAN countries should not be seen only as an internal problem only of an possible harmonisation, but as an external problem also taking into account the important neighbours INDIA and CHINA.

The relevance of these two neighbouring countries is increased by the fact of its impressive economic growth. Therefore the Diesel price benchmark lines of China (43 US Cents per litre) and India (62 US Cents per litre) are given in the Diesel price graph of this report. The conclusion of this graph might be, that 7 ASEAN countries are below the China benchmark line, not to speak of the even higher India price line.

The execution of a permanent and target- oriented price policy needs time. As revealed by the Time Series of this report, INDIA has made a remarkable progress. It continuously increased prices, starting in the year 1995 at the lowest level (19 US Cents per litre) in the whole region of Asia and reaching 9 years later the highest Diesel price (62 Cents per litre) in the developing part of Asia.
- 8 INDONESIA on the other hand – as shown in the TIME SERIES annexed – followed an inverse fuel price policy during the last 9 years: Diesel and Super Gasoline are both cheaper than they were 9 years ago. However changes in the energy price policies in Indonesia (covering more than 200 million inhabitants) are expected.
- 9 Additionally it may be noted that price rises in fuel energy are by no means an aim in itself. International studies revealed that a tax amount of approximately 10 US cents per liter fuel would be sufficient for the maintenance of all the roads in a country.
- 10 Other related topics and arguments like local purchasing power , social sustainability as well as consequences for political stability are handled by the GTZ infrastructure division as well.
Other forms of energy like electricity, CNG and LPG may be covered on request. They are handled in the same practical manner and edited as a compendium for practical action

About the German Technical Cooperation

GTZ Profile and Structure

The German Government established the German Technical Cooperation (GTZ) in 1975 as a government-owned, but privately organised corporation for international cooperation. GTZ's aim is to help positively shaping the political, economical, ecological and social development to improve the living conditions and perspectives of people in developing and transition countries. GTZ supports complex development and reform processes.



GTZ is the major interface between the political steering of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the implementation of projects and programmes in partner countries. The BMZ is the main financing organisation of the GTZ.

GTZ also operates on behalf of other German ministries, the German Federal Foreign Office, partner-country governments, national and international development cooperation organisations and international clients such as the European Commission, the United Nations, the Asian Development Bank and the World Bank, as well as on behalf of private enterprises.

GTZ operates offices in 63 countries. The GTZ offices coordinate the regional and sectoral networking of the projects in the country concerned. GTZ works closely together with the respective German embassy.

Over 10,000 employees are working worldwide in over 131 countries. Some 8,600 of them are locally-contracted nationals. Around 1,000 employees work at GTZ Head Office in Eschborn/Germany.

GTZ is currently supporting some 2,700 projects and programmes worldwide and its fiscal turnover reached in 2003 a total of USD 1,060 million.

In the seventies the focus of the GTZ was on building the technical skills of individuals, while in the eighties the priority shifted to the development of organisations, in particular state organisations, in partner countries. In the early nineties, German Technical Cooperation began to focus on the importance of political and institutional frameworks for development. Over a period of almost thirty years, the GTZ has gained a wealth of knowledge and experience in this field, has been able to develop its own advisory competencies and has devised a range of services.

GTZ's consultancy services span a wide range of activity areas, from economic development and employment promotion, through health and basic education to environmental protection, resource conservation and regional rural development. Government advisory services have become increasingly important in recent years. GTZ is now supporting numerous partner countries in their efforts to introduce comprehensive reform processes and to initiate the necessary changes in the policy, economic and social frameworks.

Further information about the GTZ is available in the Internet at: www.gtz.de/english

GTZ Department of Energy

Energy is one key to development. Energy shapes social, economic, ecological and political structures. Energy is what makes economic development and communications. Sustainable development relies to a large extent on a well-functioning energy sector.

Energy is a major political challenge. Economic growth, rapidly expanding populations, and growing consumer demands are exposing developing countries to substantial supply and maintenance problems for energy infrastructure. In the coming decade, the need for energy-sector services is expected to double in many countries.

The energy sector remains one of the most important areas of bilateral and international development cooperation. GTZ's advisory and consultancy services address sectoral-policy-makers, administrations, industrial managers and specialists, governments and consulting/planning institutions, on both the demand and the supply side.