

Fuel Costs & Regulatory Environment

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Global energy markets are structurally volatile, requiring resilient fuel pricing systems

Key drivers include:

- geopolitical tensions affecting oil supply routes
- fluctuations in global economic growth
- exchange rate movements
- financial market dynamics
- climate and energy transition policies.

Recent shocks (ongoing US/Israel-Iran war, ongoing Russia-Ukraine war, other geopolitical tensions) demonstrate how international oil prices quickly transmit to domestic fuel markets.

Implication: Countries require resilient and transparent fuel pricing systems.

ABS-CBN

Motorists brace for massive fuel price hike



20 hours ago

LuxTimes

Fuel prices to rise again in Luxembourg from Saturday



The Australian

War-driven panic buying triggers fuel rationing by wholesalers



3 hours ago

The Manila Times

Massive fuel price hike looms next week



1 day ago

Arab News

Pakistan's oil price hike to slow growth, increase inflation, warn economists,...



The Press

Fuel pain coming, not fuel shortage, as Iran conflict bites



2 days ago

Our Energy Crisis Watch delivers a systematic, cross-country view of crisis responses, capturing supply security, demand measures, and price interventions. Insights are based on publicly available information and may evolve as new data emerges.

By early October 2026, government responses have focused primarily on price controls and securing fuel supplies, while demand-side measures remain limited and selectively applied.

Retail price below crude cost
Retail price above crude, below US price
Retail price above US, below EU min price
Retail price above EU minimum price

Downloaded from <http://ajph.org/> on November 10, 2014

No intervention Strong, systemic intervention

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MEASURE TYPE →

PRICE SIGNAL ↓

Voluntary / incentive-based

Market pull · citizen chooses · financial incentive

Mandatory / enforced

Regulatory push · state compels · legal obligation

Price increase

Full market pass-through, excise rise, subsidy removal

Highest potential · widest variance

Strong price signal activates demand elasticity. Voluntary campaigns, WFH incentives, free/cheaper public transport and carpooling matching amplify the signal → households that receive the price message and a clear substitute act on both simultaneously.

Key risk: If price increases hit vulnerable groups hardest, targeted transfers (e.g. cash transfers, vouchers) are needed in parallel.

Optimal mix - if transfers protect vulnerable groups

High impact · high political friction

Price signal and mandatory restrictions operate simultaneously → demand faces pressure from both directions.

Double pressure paradox: the price rise generates public anger; mandatory restrictions generate resentment; the combination can produce the backlash that causes *both* measures to be reversed → leaving neither the fiscal gain nor the behavioural saving.

Maximum saving potential, but politically fragile without compensation & great exit strategy

Price decrease

Subsidies, price caps, VAT/excise cuts, administered pricing, producer subsidies

Contradictory signal · weak net effect

The price reduction (or stabilization) removes the incentive to act on voluntary conservation messages. Citizens asked to voluntarily save fuel while simultaneously receiving a price cut or stabilization face contradictory signals → the financial incentive to save and the financial reward for saving have both been removed.

Net demand effect is near-zero or mildly negative (price cut stimulates demand; campaign partially offsets). Exception: if the price decrease is *targeted*.

Weak or net-negative impact - unless price decrease is targeted, not blanket

Design-dependent · allocation replaces price

Without a price signal, demand reduction must be achieved entirely through restrictions, limits, or direct allocation (e.g. speed limits, HOV lanes, rationing, purchase limits, sectoral caps). The savings are real but coercive: demand falls because people cannot buy, not because they choose not to. The impact depends entirely on the design of these measures: How strict they are, how well they are enforced, and whether exemptions are well targeted.

Subsidized prices + constrained demand create a policy lock-in → removing either support or constraints causes either backlash or demand rebound.

Six Recommendations

1. Reserves first.

Governments should keep at least 90 days of diesel in reserve. Countries that entered this crisis with less than 30 days of supply should make building these reserves their top priority.

2. Automatic exit mechanisms for all price interventions.

Set a clear price level for when the policy ends. Don't tie it to a date or leave it to politicians to decide. The exit rule should be written into the law from the start.

3. Diesel policy requires a commercial-sector lens.

Protect households from diesel shocks through food-supply-chain monitoring and small transport operator support, not broad diesel price suppression.

4. Build the transfer infrastructure between crises.

Means-tested digital cash transfer capability is the foundational precondition for good crisis-period distributional policy.

5. Windfall taxes should be crisis-linked, not permanent.

Legislate with sunset conditions mirroring the price intervention they are funding. Recapture rents during the shock; return to normal taxation when the shock resolves.

6. Rethink IEA emergency sharing to major non-members.

China, India, Indonesia and the Gulf states account for the majority of demand growth and of this crisis's acute shortage. An emergency mechanism covering 40% of global demand is institutionally insufficient.

Structural legacy: The 2026 crisis is producing permanent changes to national energy systems on the scale of the post-1973 restructuring, but faster and more diversified, because the alternatives are now commercially viable. Countries should improve reserves they held, pursue structural investments (electrification) and smart pricing mechanisms.

Measures:

24 March 2026

Avoid-Shift-Improve

Constructive Demand Destruction: Rethinking Transport to Save Oil



Fabian Becker, Daniel Moser, Armin Wagner

March 2026

As fuel prices skyrocket and supply chains fracture, the transport sector faces a fundamental challenge: how to decouple economic activity from oil consumption overnight.

Invert colors:

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