Pacific Fuel Price Monitor

Covering 1st Quarter 2018 (January – March)

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1. PACIFIC FUEL PRICES AT A GLANCE

Figure 1: Regional retail prices including duty and taxes

1 Fuel price per litre are expressed in US currency throughout this article.
2. KEY OBSERVATIONS – Pacific fuel prices

Overview

For the first quarter 2018, average fuel prices in Pacific Island countries and territories (PICTs) increased for diesel, mogas, kerosene and LPG, compared to the previous quarter (4Q.2017). For mogas, PICT average fuel prices increased by 8% and 12% for retail and wholesale tax inclusive; diesel retail and wholesale tax-inclusive both increased by 9% and 15%; kerosene increased by 8% and 14% for retail and wholesale and LPG increased by 12% and 2% for retail and wholesale, compared to the previous quarter.

Mogas

American Samoa had the lowest tax inclusive retail price, followed closely by Kiribati and Fiji. Pre-tax lowest was Fiji (66.66 cpl), Samoa (68.60 cpl) and Tonga (74.54 cpl). Highest pre-tax prices were Niue (168.05cpl), Wallis and Futuna (143.29 cpl), and Cook Island (132.74 cpl). American Samoa had the lowest PICT wholesale price, followed by Kiribati and Solomon Islands. The range (low-to-high price gap) of pre-tax fuel retail prices (Fiji compared with Niue) for mogas in PICTs was 101.39 cpl.

ADO

Tokelau and Fiji had the lowest tax-inclusive retail price, followed by American Samoa and Papua New Guinea. Pre-tax lowest was Fiji (56.15 cpl), Samoa (68.34 cpl), Tokelau (74.29 cpl) and Tonga (74.58 cpl). Highest pre-tax costs were Niue (169.32 cpl) and Kiribati (164.45 cpl). Fiji had the lowest PICT wholesale price, followed by American Samoa, Solomon Islands, Samoa and New Zealand. The PICT retail pre-tax ‘low-to-high’ price gap (Fiji compared with Niue) for ADO was 113.17 cpl.

Kerosene

Fiji had the lowest tax-inclusive retail kerosene prices, followed by Kiribati and Tonga. Pre-tax lowest were Fiji (48.93 cpl), Kiribati (66.82 cpl) and Tonga (73.13 cpl). Fiji had the lowest wholesale kerosene price followed by Kiribati and American Samoa. The highest wholesale kerosene prices were in Niue, Wallis & Futuna and Tuvalu. The PICT retail pre-tax ‘low-to-high’ price gap (Fiji compared with Palau) for kerosene was 142.59 cpl.

LPG

The lowest retail LPG prices were in Kiribati (USD 1.44 per kg), closely followed by Fiji, Tonga, French Polynesia and Tuvalu. Palau had the highest LPG price (USD 5.51 per kg). The PICT pre-tax ‘low-to-high’ price gap (Fiji compared with Palau) for LPG was USD 4.07 per kg.
3. MOGAS (UNLEADED PETROL) PRICES

Figure 2: Retail tax inclusive mogas price

Figure 3: Retail mogas prices sorted by pre-tax cost
Figure 4: Wholesale tax inclusive mogas prices

Figure 5: Wholesale and retail mogas prices (including tax and duty)
Key observations – Mogas

- The Pacific-wide retail average pre- and after-tax retail price for mogas was USD 0.99/L and USD 1.28/L respectively.
- Average pre- and after-tax wholesale price for mogas was USD 0.88/L and USD 1.16/L.
- Pre-tax wholesale price was lowest in Samoa (53.43 cpl), Fiji (cpl 55.17), Australia (65.08 cpl), Solomon Islands (66.70 cpl) and Tonga (68.28 cpl).
- The PICT pre-tax ‘low-to-high’ wholesale price gap (Samoa compared with Niue) for mogas was 85.32 cpl.
- Mogas-related retail tax rates between PICTs range from 1.32 cpl (Palau) to 67.34 cpl (New Zealand).
- Mogas-related wholesale tax rates between PICTs range from 9.25 US cpl (American Samoa) to 54.00 cpl (Vanuatu).
- American Samoa retail and wholesale, inclusive of VAT, were the lowest fuel prices, while Niue had the highest retail fuel price and Wallis and Futuna had the highest fuel price for the wholesale.

4. AUTOMOTIVE DIESEL PRICES

Figure 6: Retail tax inclusive diesel prices
Figure 7: Retail diesel sorted by underlying pre-tax prices

Figure 8: Wholesale tax inclusive diesel prices
Figure 9: Wholesale and retail prices of diesel (including tax and duty)

**Key observations – Diesel fuel**

- Fiji, Samoa and Tokelau have the lowest retail pre-tax price, closely followed by Tonga and Australia.
- Palau imposes the lowest amount of tax and duty but in terms of comparative retail sales price considered to be in the top seven.
- The majority of PICTs import 500 ppm sulphur (S) ADO for land transport; Palau has specifications of 50 ppm. American Samoa, New Caledonia, Wallis and Futuna, and Vanuatu import 10 ppm diesel for transport use. This factor also contribute to price variations among PICTs.
- The Pacific-wide average pre- and after-tax retail price for ADO was 1.03/L and 1.27/L.
- Fiji had the lowest tax inclusive wholesale prices, followed by American Samoa and Solomon Islands.
- Pre-tax wholesale price was lowest in Fiji (46.10 cpl), Samoa (53.27 cpl), Australia (66.31 cpl) and Solomon Islands (67.92 cpl).
- The PICT pre-tax ‘low-to -high’ wholesale price gap (Fiji compared with Kiribati) for ADO was 97.72 cpl.
- The Pacific-wide average pre- and post-tax wholesale price for ADO was 0.90/L and 1.15/L.
- ADO retail tax rates between PICTs range from 1.32 cpl (Palau) to 54.58 cpl (Papua New Guinea).
- ADO-related wholesale tax and duty rates between PICTs range from 9.25 cpl (American Samoa) to 52.85 cpl (Vanuatu).
5. KEROSENE PRICES

Figure 10: Retail tax-inclusive kerosene prices

Figure 11: Retail kerosene prices sorted by underlying pre-tax cost
Figure 12: Wholesale kerosene prices sorted by underlying pre-tax cost

Figure 13: Wholesale and retail prices of kerosene (including tax and duty)
Key observations – Kerosene

- Fiji had the lowest retail kerosene prices and wholesale prices. Highest prices are found in Palau and Niue for retail and wholesale respectively.
- The Pacific-wide average pre- and after-tax retail price for kerosene was USD 1.05/L and USD 1.21/L respectively.
- Fiji had the lowest tax-inclusive wholesale prices followed by Kiribati and American Samoa.
- Pre-tax wholesale price was lowest in Fiji (39.69 cpl), Kiribati (56.80 cpl) and Samoa (64.98 cpl).
- The PICT pre-tax ‘low-to-high’ wholesale price gap (Fiji compared with Niue) for kerosene was 109.90 cpl.
- Kerosene-related retail tax rates between PICTs range from 1.32 cpl (Palau) to 46.54 cpl (Wallis and Futuna).

6. LIQUEFIED PETROLEUM GAS (LPG) PRICES

![Diagram: Saudi Aramco CP Propane and Butane vs Dated Brent (Crude Oil)](image)

**Figure 14:** Saudi Contract Price (CP) Butane and Propane price vs Dated Brent (crude oil)²

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² Dated Brent data collated till 30 November 2018
In 1Q.2018, the Propane and Butane price per metric tonne fell by 8% and 12% respectively compared to the previous quarter. For the global market of LPG have defied expectation about the seasonal patterns in supply and demand reversing the usual script by weakening in winter and strengthening in summer just when prices are typically at their annual peak\(^3\). Saudi Aramco and Qatar Petroleum sold several mixed cargoes for March loading resulted in Saudi Aramco’s March butane a contract price to be at a discount of US$10-30/mt to propane\(^4\).

**Figure 15: Regional prices of LPG (including tax and duty\(^5\))**

**Key observations LPG**
- Kiribati and Fiji had the lowest LPG retail and wholesale prices at USD 1.44/kg and USD 1.48/kg respectively.
- Palau, Niue, Wallis and Futuna and Vanuatu had the highest retail LPG prices, which were all more than double that of Fiji.
- In Saudi Aramco for Butane and Propane prices decreased by 12% and 8% respectively compared to the previous quarter.
- The LPG average in PICTs increased by 12% for retail and 2% for wholesale compared to the previous quarter.

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\(^5\) LPG prices received from respective PICTS inclusive of taxes and duty.
Figure 16: Pacific currencies against the USD exchange rate

Source: www.oanda.com;

Figure 16 highlights the Pacific currencies equivalence to US one dollar for 1Q.2018 and the previous quarter (4Q.2017). In most PICTs, the dollar value appreciated against USD whilst compared to the previous quarter. This can be due to higher economic productivity and or increase in economic activity resulting in the weak USD currency⁶.

### 9. PICT Fuel Pricing Methodologies

#### Price data sources
- Samoa, Tonga, Papua New Guinea, Wallis and Futuna, American Samoa, Vanuatu, New Caledonia, Cook Islands and Solomon Islands carry out price reviews on a monthly basis.
- Fiji reviews petroleum product price on a quarterly basis. Price change is based on MOPS prices from the previous quarter.
- Niue, Tokelau and Kiribati price changes are carried out on an ad hoc basis. Price changes is mostly influenced by either a major surge or fall in international market prices.
Historical reports

Historical fuel and LPG review reports can be downloaded from the SPC Pacific Regional Data Repository (PRDR) energy portal by typing ‘price monitor’ in the search box of the library: 
http://prdrse4all.spc.int/search/node?search_api_views_fulltext=price%20monitor

10. GLOSSARY AND CONVERSIONS

Abbreviations and definition of key terms

ADO  automotive diesel oil or diesel fuel
After–tax price prices including tax and duty
bbl  barrel (of oil), approximately 159 litres
cpl  US cents per litre
DPK  dual purpose kerosene (i.e. jet fuel and domestic use)
FOB  free on board
Gasoil  refinery designation of diesel fuel
KI  kilolitres (thousand litres)
Mogas  motor gasoline – normally unleaded
MOPS  Mean of Platts Singapore
MR  Medium Range tankers, generally 20-30,000 metric tonnes
Pacific-wide  All surveyed Pacific Island countries (excluding Australia and New Zealand)
PICTs  Pacific Island Countries and Territories
ppm  parts per million
Retail price  fuel price at retail/service stations, also called pump price
Pre-Tax price  price excluding tax and duty
RON  research octane number
S  sulfur content (usually in diesel fuel)
ULP  unleaded petrol (refer mogas)
USD/bbl  US dollars per barrel
USD/L  US dollars per litre
OPEC  Organization of the Petroleum Exporting Countries

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