

Is the German discount on fuel being passed on to consumers?

July 5 2022, by Blandina Mangelkramer



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The German federal government introduced the "fuel discount" on June 1, 2022. This reduction in energy taxes means that consumers should pay less for fuel. A team of researchers from Friedrich-Alexander-

Universität Erlangen-Nürnberg (FAU) have now investigated to what extent the oil companies pass on the tax cuts and what impact the fuel discount is actually having on consumers' wallets.

The team led by Prof. Dr. Jonas Dovern from the Chair of Statistics and Econometrics at FAU has conducted a [comparative study](#). On the basis of data from January 2020 until the fuel discount was introduced, they calculated the average price in countries neighboring Germany which they could use to subsequently trace the trend of average weekly prices at German gas stations. For the period following the introduction of the fuel discount, they could then estimate the effect on prices at gas stations by comparing the dynamics of fuel prices in Germany with those in neighboring countries. This meant that they could be sure that other factors that may have an impact on prices in Europe in general, such as oil prices or changes in demand, did not skew the results of the study.

Their calculations indicate that contrary to the misgivings expressed at the outset and the general opinion prevalent in early June, the temporary reduction in energy tax on fuel has been passed on completely to consumers. There was a delay, however. In the case of gasoline, it was only passed on completely in the second week of June, whilst it took three weeks before the discount was passed on for diesel. The popular misleading claim that the discount was not passed on to consumers is probably down to the fact that [fuel prices](#) in general increased in Europe in early June, meaning that the reduction in prices at gas stations in Germany was less pronounced than the [tax cuts](#).

Provided by Friedrich–Alexander University Erlangen–Nurnberg

Citation: Is the German discount on fuel being passed on to consumers? (2022, July 5) retrieved 17 July 2024 from <https://phys.org/news/2022-07-german-discount-fuel-consumers.html>

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