



What does gasoline cost in other countries?

MSNBC.com answers your questions on business, personal finance

By John W. Schoen
Senior Producer
MSNBC

With gasoline prices rising relentlessly here in the U.S., Joseph in California is wondering whether drivers in other countries are feeling the same pain at the pump that he is. It turns out American drivers aren't seeing the worst of it. But they're also not enjoying the kind of energy bargains available in some parts of the world.

I would be curious to know how other countries are faring with the run-up on gas prices. Are they being exposed to the same price shock that Americans are experiencing right now?

Joseph M., Linden, Calif.

Gasoline prices are going up around the world, but the pain is not being felt everywhere the same way. Drivers in some countries pay a lot more than U.S. consumers. But others pay substantially less. That's because pump prices don't reflect just the cost of gasoline.

In most of the industrialized world, including Europe and Japan, pump prices are much higher than in the U.S. — even though the wholesale price is roughly the same. The difference is a heavy tax load those countries impose to discourage consumption.

The Dutch have the dubious distinction of paying the most to fill 'er up, according to the U.S. Department of Energy. (There are various agencies that track gasoline prices, but these are among the most recent figures available.) As of April 10, drivers in the Netherlands were paying the equivalent of about \$6.73 a gallon at the pump. The gas itself cost \$2.61; the rest — \$4.12 — represented tax. That's a 158 percent tax. By comparison, the U.S. has the lowest tax on gasoline of any industrialized country: about 15 percent at current prices.

Elsewhere in the industrialized world, the actual cost of gasoline ranges from \$2.15 a gallon (France) to \$2.61 in the Netherlands. But the after-tax price is \$5.80 in France and over \$6 a gallon in most other major European countries. Japanese drivers get off relatively easy: taxes there only push pump prices to about \$4.50 a gallon.

So much for Europe and Japan. In less-developed parts of the world, some countries actually subsidize pump prices to keep them below what the gasoline actually costs to make. China, which recently raised fuel prices, still keeps them well below international market rates. Chinese drivers — and farmers — still pay the equivalent of less than \$2 a gallon. As a result, the oil refining industry there is losing billions of dollars. That's why the Chinese government is expected to continue to try to raise retail prices, while trying to avoid a major consumer backlash.

The cheapest places to top off, not surprisingly, are in countries that produce the most oil. In Iraq, until recently, pump prices were capped at 10 cents a gallon. Prices have recently risen to nearly 40 cents a gallon — still a bargain compared to the U.S. Iran also keeps pump prices low — less than 35 cents a gallon, according to a recent Reuters survey.

But for a real bargain, drive on down to Venezuela, where President Hugo Chavez has made a name for himself lately by delivering heating fuel to low-income American families at bargain prices. In Venezuela, you'll pay just 12 cents a gallon to fill your tank.

BOYCOTT BACKFIRE

How about we do what has been going around the Internet and stop buying gas from the big oil

companies. ... Do you think it would have an impact on prices?

Barbara R., Boston, Mass.

It might. But if such a boycott were actually to take hold, the result could drive prices even higher.

Many of the folks suggesting this remedy have suggested targeting specific gasoline brands on a specific day to try to "maximize" the impact. It's true that if everyone stopped buying from a specific company on a given day, that company would likely see an overall drop in sales revenue for that day. (For many gasoline retailers, pump receipts are only a portion of their overall revenue, but let's assume for the moment they just sell gas.)

Despite a one-day drop, the station would likely see a pickup in sales on the days before and after such a boycott. People still need to get to work. So the revenues for the week would be roughly the same with or without the boycott.

But let's assume that the organizers of this boycott were able to sustain it — day in, day out, week in, week out — against a single supplier of gasoline. Since we all still have to fill up our tanks, such a boycott would simply shift demand to other suppliers. With less competition, those suppliers would have less incentive to hold down their prices. So boycotting a single brand would likely raise pump prices, not lower them.

The only thing that would help ease prices is a drop in overall demand. Despite the rapid rise in prices, that doesn't seem to be happening. Though it's a bit lower than it was at this time last year, [demand for gasoline is rising](#) — as it usually does when the weather warms up and the peak summer driving season approaches.

© 2006 MSNBC Interactive

© 2006 MSNBC.com

URL: <http://www.msnbc.msn.com/id/12452503/>