

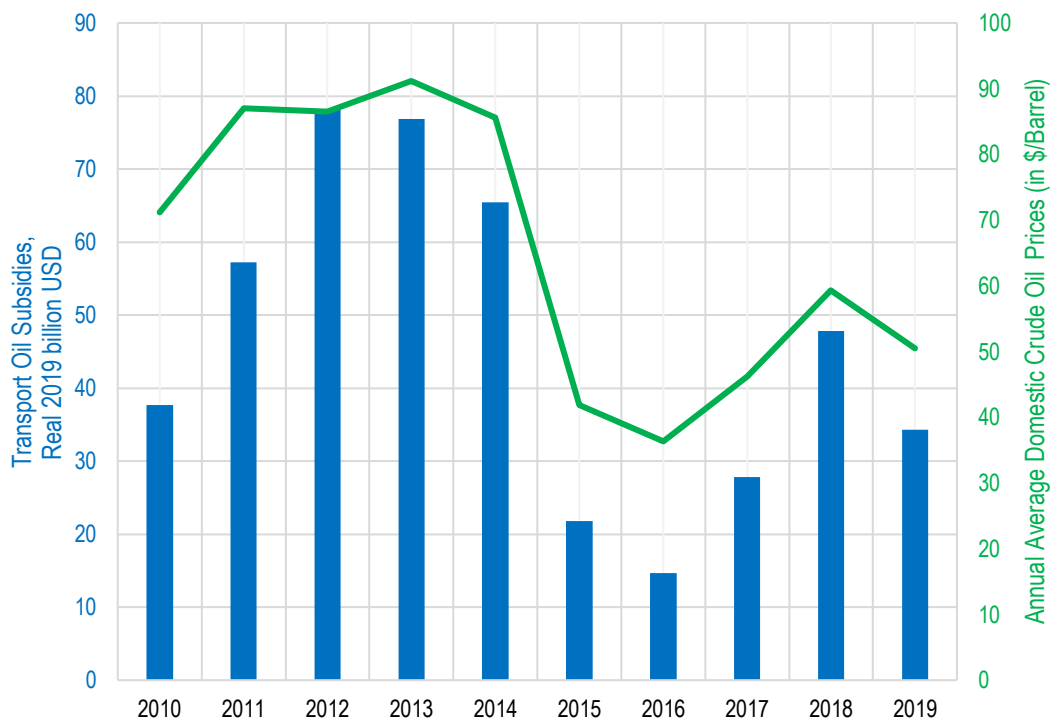
Asian Transport Outlook (ATO)

What is the status of Fossil Fuel subsidy in the transport sector in Asia?

In 2019, ATO members spent nearly 34 billion USD for subsidising the use of fossil fuels¹ in the transport sector, that counts for about 44% of the global transport sector fossil fuel subsidy and 28% of the total fossil fuel subsidy across all sectors. ATO economies where the transport sector had a significant share (i.e., above 35%) in total fossil fuel subsidy include: Azerbaijan (43%), Brunei Darussalam (63%), Indonesia (87%), and Malaysia (72.5%).

Transport related fuel subsidies in ATO economies are very sensitive to crude oil price fluctuations (Fig. 1). In 2012-2013, when the crude oil prices were in the range of 80-90 USD/barrel, the transport oil subsidies were about 77-78 billion USD. At that time the transport share in total fossil fuel subsidy was about 35% of full fossil fuel subsidy (in 2019, when crude oil prices were lower, it was only 28%).

Figure 1: Transport Oil Subsidies and Annual Average Domestic Crude Oil Prices



Source: International Energy Agency (<https://www.iea.org/topics/energy-subsidies>) and crude oil data (<https://inflationdata.com/articles/inflation-adjusted-prices/historical-crude-oil-prices-table/>). ATO Data Used - SEC-TFI-009

¹ International Energy Agency estimates average end-user prices paid by consumers with reference prices that correspond to the full cost of supply. The price gap is the amount by which an end-use price falls short of the reference price and its existence indicates the presence and size of a subsidy.