Pass-through of Temporary Fuel Tax Reductions: Evidence from Europe

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Summary

- **Relevant research question**
  Provide empirical evidence on the pass-through and on the retail margin effects of temporary fuel tax reductions in three different European countries

- **Critical for identification:**
  daily average gasoline and diesel consumer prices, Brent crude oil price and exchange rates, Google mobility reports

- **Methodology**
  Staggered Difference-in-Differences (DiD)
  Treatment: Germany, France, Italy
  Control: Austria, Switzerland
Key points

- Heterogeneous pass-through rates between countries and products
  Full pass-through for Diesel (c) and Gasoline (c) in Italy
  Higher Pass-through for Diesel (c) than for Gasoline (ic) in France
  Lower Pass-through for Diesel (ic) than for Gasoline (ic) in Germany

- Heterogeneous effects on retail-margins between countries
  Negative effect for Italy and France (higher for the latter)
  No s.s effect for Germany

✓ Different findings when controlling for different mobility patterns
Suggestions

✓ Run formal tests for parallel trends and full pass-through
✓ Investigate the case of Germany (possible substitution effects)
✓ Go into more detail on the Mobility control (case of Italy)
✓ Investigate the E10 and Super types of gasoline