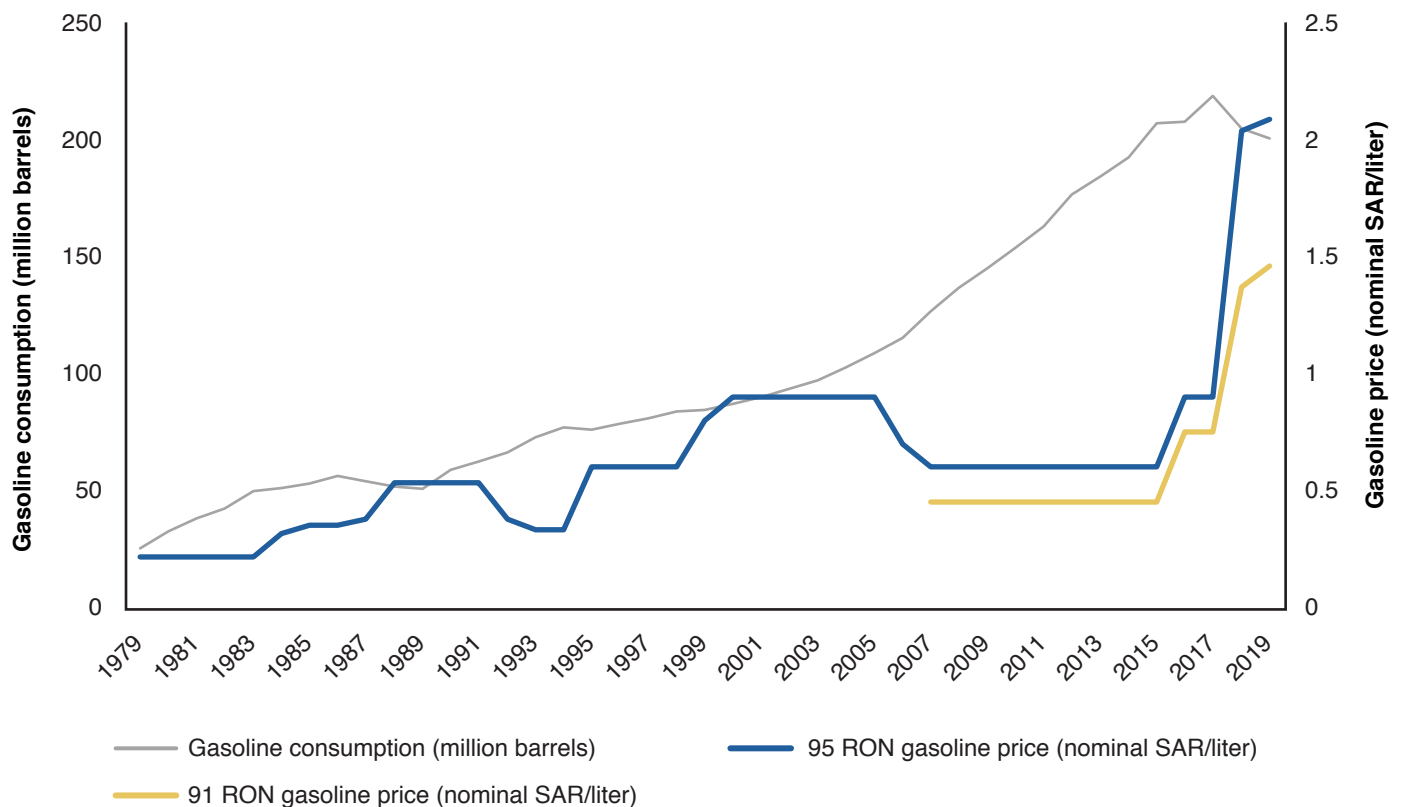


# Data Insight

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## The Evolution of Gasoline Demand and Prices in Saudi Arabia

Gasoline is the primary fuel for the passenger car fleet in Saudi Arabia. The demand for passenger cars, and hence gasoline, is primarily driven by the size, geography and economic growth of the country, its domestic fuel prices, and the tendency for consumers to use private transportation, among other factors. Although Saudi gasoline demand is, in general, price inelastic, changes in the gasoline price can affect the consumption growth of gasoline. Between the 1980s, when gasoline prices were relatively low, and 2017, demand grew steadily. The first gasoline price reform was conducted at the beginning of 2016, with the second price reform at the start of 2018, after which the demand trend started to reverse. This data insight shows the evolution of gasoline consumption and prices in Saudi Arabia over the last four decades.



Note: RON = research octane number.

- From 1979 to 2019, gasoline demand in Saudi Arabia increased eightfold.
- Gasoline demand growth tends to be insensitive to rising gasoline prices: lower prices spur growth, while higher prices do little to suppress it.
- The first contraction in demand, of 11%, was observed from 1986 to 1989, when gasoline prices increased by 52%.
- The second reduction in demand, of 1.15%, was observed from 1994 to 1995, when gasoline prices increased by 81%.
- The pace of gasoline demand growth since 2006 has been higher than its long-run demand growth from 1979 to 2004. This is likely a response to the 22% reduction in the price of gasoline in 2006 and the introduction of cheaper 91-octane gasoline in 2007.
- At the end of 2015, gasoline prices rose by 57%, which likely flattened demand in 2016.
- The successive gasoline price increases in 2018 and 2019 contributed significantly to the decline in demand during these years. These price reforms were part of the Saudi Vision 2030 Fiscal Balance Program (FBP). One of the FBP's initiatives aims to link domestic energy prices with international market prices.

Sources: [MEIM.gov.sa](https://meim.gov.sa), [JODIData.org](https://jodidata.org), [IEA.org](https://www.iea.org)

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