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Gasoline Prices Drop on Market Competition

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Filling up a gas tank in Moscow, St. Petersburg and many other places now costs 1 percent to 2 percent less, as LUKoil and TNK-BP have reduced prices at the pump, citing the competitive environment.

Starting earlier this month, the oil majors shaved roughly 1 percent to 2 percent off the prices of 92 and 95 gasoline. LUKoil spokesman Dmitry Dolgov confirmed media reports that the company lowered the price of its Euro-92 gasoline beginning on Dec. 3 and then the price of Euro-95 on Dec. 7. Meanwhile, gas prices for both grades decreased at select TNK-BP stations beginning Dec. 6.

Political events of recent weeks, including the State Duma elections and the protests that followed, have coincided with the price drops. Both companies, however, said they changed the prices because of competition and market conditions.

There was only "one reason" that LUKoil decreased the prices, Dolgov said in a telephone interview, and that was connected "with the laws of the market." He said "there is competition" in the gas station market. In an announcement last week, TNK-BP, a joint venture of British oil giant BP and Russian investors, said "a careful analysis of the situation in regional markets showed that ... there were conditions for lowering our retail prices."

The TNK-BP change in prices affects both BP gas stations and TNK gas stations in the geographic areas that the company announced. There was a decrease of 30 kopeks for AI-95 gasoline at TNK stations in Moscow, the Moscow region, St. Petersburg, Karelia and several southern cities, as well as BP stations in those first three areas. Meanwhile, its AI-92 fell by 50 kopeks at TNK stations in Moscow, the Moscow region, St. Petersburg and Karelia and by 30 kopeks in Kursk and Saratov, as well as by 50 kopeks for BP stations in the Moscow area and St. Petersburg.

In Moscow, the price for a liter of LUKoil's Euro-95 gasoline fell from 29.47 rubles to 28.97 rubles, a decrease of 1.7 percent. The Kaluga region and other areas of the Central Federal District also experienced price drops at LUKoil stations.

A typical gas tank for a four-door car takes anywhere from 45 liters to 55 liters, which means savings of less than $1 during each fill-up.

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