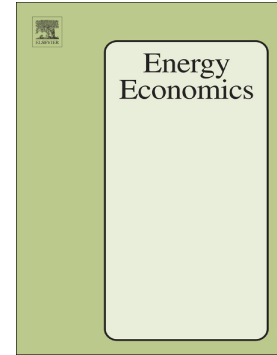


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Elasticities of transport fuels at times of economic crisis: An empirical analysis for Spain

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Abstract

This paper provides an updated calculation of the price and income responsiveness of Spanish consumers of transport fuels, with an explicit exploration of the effects of the recent economic crisis. We examine separate gasoline and diesel demand models using a set of estimators on a panel of 16 Spanish regions over the period 1999-2015. The paper confirms the persistence of low own-price elasticities both for diesel and gasoline in the short and long runs. It also shows that the crisis of 2008-2013 slightly increased the price elasticity of demand for transport fuels, with a higher effect on diesel than on gasoline. By contrary, the crisis slightly reduced the income elasticity of transport fuel demand. Given the intensity and length of the economic recession in Spain, the results of this paper may be useful to anticipate the effects of domestic public policies that impact transport fuel prices as well as to advance some of the potential consequences of crises elsewhere.

Keywords: diesel, gasoline, income, price, regions, panel data

JEL classification: C23, D12, Q41

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