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POSITION PAPER

Changes to the Diesel Fuel Price Cap Formula Require Technical Explanations and Full Transparency

The "Construim Încredere" Civic Movement is closely monitoring the decisions adopted by the Government regarding the temporary amendment of the formula used to calculate the diesel fuel price cap in the context of the state of alert in the energy sector. We understand the need to adopt urgent measures to ensure an uninterrupted supply of diesel fuel and acknowledge the Government's efforts to prevent possible market disruptions. However, any intervention in a methodology that directly affects the price paid by every citizen and every farmer must be accompanied by clear economic arguments, verifiable calculations and full transparency.

1. Changing the Calculation Basis from FOB Med to CIF Med Fundamentally Alters the Methodology

The Government has announced that, for the next 30 days, the diesel fuel price cap will be calculated using CIF Med quotations instead of FOB Med quotations.

From an economic perspective, the difference is fundamental:

- **FOB — Free on Board** — reflects the value of the product at the point of loading;

- **CIF — Cost, Insurance and Freight** — already includes transport and insurance costs up to the port of destination.

Therefore, this is not a simple technical adjustment, but a change to the very basis used to calculate the price cap.

2. The Government Must Explain the Relationship Between CIF and the Specific Commercial Margin

Under the ANRE methodology applied to date, the Specific Commercial Margin — Marja Comercială Specifică (MC) — covers a range of costs associated with import and commercial activities, including logistics, transport, insurance, storage, distribution and the operator's profit. At the same time, the Government justifies the transition to CIF Med on the grounds that this quotation includes transport and insurance costs.

Under these circumstances, a legitimate question arises: which transport and insurance costs remain included in the Specific Commercial Margin and which are incorporated into the new CIF calculation basis?

Where certain components are already included in CIF, it is reasonable to expect the Government and ANRE to explain whether and to what extent they are removed from the Specific Commercial Margin. In the absence of such an explanation, there is a risk that certain logistics costs may be perceived as being recovered twice through the same calculation formula. We are not claiming that this is the case, but we call on the authorities to demonstrate publicly that it is not.

3. The Increase in the Commercial Margin Requires Additional Justification

The Government has also announced an increase in the Specific Commercial Margin of approximately USD 25 per tonne, equivalent to around MDL 0.37 per litre. If, at the same time, the calculation basis is amended by incorporating transport and insurance costs into the CIF quotation, a natural question arises: what is the economic basis for increasing the commercial margin, and which additional elements justify this increase?

The public has the right to know how this adjustment was calculated and how each component affects the final price at the pump.

4. Economic Simulations Must Be Published

The Government states that the impact on consumers will be limited to approximately MDL 0.37 per litre.

This claim cannot be verified without the publication of:

- the complete formula used before the amendment;
- the complete formula used after the amendment;

● the separate impact of the transition from FOB to CIF;

● the impact of the increase in the Specific Commercial Margin;

● the impact of postponing the fee for establishing state reserves.

Only such a presentation would make it possible to verify the real impact on consumers and the agricultural sector.

5. Fiscal Policies Must Be Examined Before Increasing the Price Cap

In the context of the state of alert in the energy sector, the Government should also examine other economic instruments, including:

● the temporary suspension or reduction of certain fiscal components that directly affect the final price of diesel fuel;

● limited and transparent tax facilities for importers during the crisis, where economically justified;

● the use of budgetary mechanisms and energy policy instruments for the establishment and management of strategic reserves.

These options could reduce pressure on farmers and the economy without introducing insufficiently explained changes to the calculation methodology.

6. Strategic Reserves Must Prevent Crises, Not Merely Respond to Them

The state of alert in the energy sector once again raises the issue of the role of strategic petroleum product reserves.

The establishment of reserves is a preventive public policy, not a reactive measure. Their purpose is precisely to reduce the impact of temporary supply disruptions and limit the effects of international market volatility on the economy and consumers.

In this context, we consider it necessary to conduct a public assessment of the existing mechanisms for establishing and managing strategic reserves and to explain how these mechanisms fulfil the objective of ensuring the energy security of the Republic of Moldova.

At the same time, we call on the Government to explain why changing the price calculation formula was considered the priority solution instead of using energy and fiscal policy instruments intended to mitigate the effects of a temporary situation on consumers and the agricultural sector.

7. The Structure of the Final Price Must Be Publicly Explained

Fuel prices consist of several components, including the international quotation, excise duties, VAT, the commercial margin and other regulated costs.

To enable society to assess the real impact of the amendments, the Government and ANRE must publish the complete official formula used to determine the price cap, together with a comparative calculation showing the situation before and after the amendment.

The formula used by ANRE is:

PC = (PL × CV) / K + MC + AC + TVA

Where:

- **PC** = the maximum price at the pump;
- **PL** = the Platts quotation, currently FOB Med for diesel fuel; the Government proposes the temporary use of CIF Med;
- **CV** = the average MDL/USD exchange rate;
- **K** = the conversion coefficient from tonnes to litres, depending on the density of the product;
- **MC** = the Specific Commercial Margin;
- **AC** = the excise duty;
- **TVA** = value-added tax.

It is also necessary to publish the detailed structure of the Specific Commercial Margin, expressly indicating the costs it covers and explaining how these costs relate to the introduction of the CIF Med quotation, in order to eliminate any uncertainty regarding a possible overlap of cost components.

Before amending the calculation methodology, the Government and ANRE must publicly present the impact of each component on the final price paid by consumers, as well as the economic justification for each amendment introduced.

Transparency regarding the price structure is essential for strengthening public confidence and verifying that the adjustments introduced are proportionate and necessary.

8. International Market Developments Must Be Reflected in National Decisions

Fuel pricing policies must be based on a comprehensive analysis of developments in the international market.

Given that international oil and petroleum product quotations are continuously influenced by geopolitical and economic developments, the Government must demonstrate that the decisions adopted reflect the current market situation and are not based solely on scenarios derived from previous developments.

We call for the publication of the economic analysis underpinning the amendment of the calculation formula, including an assessment of the impact of recent international market trends on the estimated price of diesel fuel in the Republic of Moldova.

9. Changing the Formula Cannot Replace an Analysis of Competition in the Fuel Market

Amending the methodology used to calculate the price cap cannot replace an analysis of how the fuel market operates.

Where economic operators have argued that the current methodology no longer allows for sustainable imports amid the rapid increase in international quotations, the competent authorities must determine whether this situation is caused exclusively by external factors or whether there are also dysfunctions within the domestic market.

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In this regard, we consider the active involvement of the Competition Council and ANRE necessary for assessing the level of competition in the fuel market, the cost structure and the price formation mechanisms.

Any adjustment to the methodology must not result in the automatic transfer of all commercial costs and risks to the final consumer. The state has an obligation to ensure both security of supply and the functioning of a competitive, transparent and fair market.

Requests of the “Construim Încredere” Civic Movement

We call on the Government of the Republic of Moldova and the National Agency for Energy Regulation to:

1. Publish the explanatory note underpinning the amendment of the calculation formula.
2. Publish the detailed methodology and the complete structure of the Specific Commercial Margin, including the components it covers.
3. Explain how the transition from FOB Med to CIF Med prevents any possible overlap of transport and insurance costs.
4. Publish comparative simulations of the previous and new formulas, specifying the impact of each component on the final price.
5. Present an assessment of the state of strategic petroleum product reserves and the mechanisms used to guarantee security of supply.
6. Publish the economic analysis that justified the amendment of the formula in relation to recent developments in the international market.
7. Involve the Competition Council in assessing the functioning of the fuel market and organise public consultations involving independent experts, the business community, farmers and civil society.

Conclusion

During periods of crisis, the state has an obligation to intervene in order to ensure energy security. However, such intervention must comply with the same principles that govern a market economy: transparency, economic justification, proportionality and accountability.

Any amendment to the price calculation formula must be explained through verifiable data and analysis, and any temporary adjustment must inspire confidence rather than uncertainty.

In the absence of complete technical justification and transparent public debate, there is a risk that the measures adopted will be perceived not as crisis-management solutions, but as insufficiently substantiated decisions with a direct impact on the citizens and economy of the Republic of Moldova.