Retail Motor Fuel Prices: Two Petroleum Trade Association Position Statements

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Two energy (petroleum) related trade associations issued communications addressing retail motor fuel pricing.

The trade associations include:

- Energy Marketers of America (formerly Petroleum Marketers Association of America) ("EMA")
- American Fuel & Petrochemical Manufacturers ("AFPM")

EMA describes itself as a federation of 47 state and regional trade associations representing energy marketers throughout the United States. Their members are stated to supply 80% of all finished motor and heating fuel products sold nationwide, which include renewable hydrocarbon biofuels, gasoline, diesel fuel, biofuels, heating fuel, jet fuel, kerosene, racing fuel, and lubricating oils. They own and operate approximately 60,000 retail motor fuel stations nationwide.

The Arkansas Oil Marketers Association is a state chapter of EMA.

AFPM describes itself as the leading trade association representing the makers (i.e., refiners) of the fuels and the petrochemicals.

EMA states in a March 10th news release that:

The retail motor fuels market is the most competitive marketplace in the country. Retailers post their prices on big signs where a one-penny difference can determine where customers choose to fill up. Unfortunately, what the market is currently experiencing is the whiplash effect of prices due to Russia's invasion of Ukraine. Crude oil is traded in a global market where prices are ultimately set by worldwide supply and demand and influenced by Wall Street commodity traders' perceptions about future supply and demand.

EMA also notes that various other factors beyond the cost of crude oil and refining affect prices at the pump which include:

- Federal/state motor fuels excise taxes
- Boutique fuel requirements
- Credit card swipe fees

AFPM states in a communication that:

. . . Gasoline prices are complicated and influenced by a number of intertwining factors and supply chain issues. . .the cost of raw crude oil that is used by refineries to produce gasoline accounts for more than half of the price drivers see at the pump.

A chart is included which lists as components of that cost:

- Taxes (15%)
- Distribution & Marketing Costs (21%)
- Refining Costs (12%)
- Crude Oil (53%)

The AFPM communication also addresses:

- Why is the price of crude oil so high?
- What will bring prices down?
- Global demand will remain strong. Will U.S. policy match?

AFPM also suggests:

- Upping the volumes of crude oil produced in financially and geopolitically stable, market-driven countries, including the United States
- Increasing economic access to crude by making necessary energy investments and policy reforms
- Shoring up U.S. refining capacity

Links to the communications can be found below:

https://www.energymarketersofamerica.org/ema_today/

https://www.afpm.org/newsroom/blog/what-drives-prices-pump