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## ELIMINATION OF FUEL SUBSIDIES AND DISTORTIONS IN THE ENERGY MARKET IN BOLIVIA

César Daniel Vargas Díaz<sup>1\*</sup>, Hernán Delgadillo Dorado<sup>2</sup> and Silvana Gomez Soruco<sup>3</sup>

<sup>1</sup> University of Granada, Campus Cartuja, Granada, Spain

<sup>2</sup> Department of Economics, Universidad San Simón, Cochabamba, Bolivia

<sup>3</sup> Department of Economics, University of Aquino Bolivia

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\*Corresponding author: César Daniel Vargas Díaz

### Abstract

*In Bolivia, the fuel subsidy fulfilled its task of stabilizing prices for more than 30 years and has formed the central pillar of Bolivian economic policy, guaranteeing access to supply to the vehicle fleet and its productive apparatus with low inflation. In recent years, the import and subsidization of fuels has been affected by intermediation, smuggling and overpricing, which has led to macroeconomic instability of dollar illiquidity and inflation, aggravating inequalities in a context of dependence on sales of raw materials, greater indebtedness and labor informality, leading to the elimination of fuel subsidies. In this understanding, the objective of this research is to identify, analyze and determine the prices with and without subsidies in the import of fuels, considering the intermediation of the purchase and the distortions in the market in Bolivia between official prices, real demand and smuggling, through the historical data of the annual budgets, with a sample of a decade from 2014 to 2025 where they affected the sustainability of fuels. In the end, passing on to citizens the rise in prices through the elimination of the subsidy, the instability of fuels and supply.*

**Keywords:** subsidy, fuel, official prices, real consumption and smuggling

### 1. Literature review

The fuel subsidy policy is one of the most profound problems in the economy and at the global and Latin American level (Schaffitzel *et al.*, 2020, Carpio and Reategui, 2025 and Cazares, 2025). According to studies in experiences from other countries, we can mention research by the authors Gelan (2018) and Ofori (2023) where they deduce that orthodox economic literature has

historically conceptualized fuel subsidies as market distortions and an imbalance of their macroeconomic variables and that they generate allocative inefficiencies, on the consumption of non-renewable resources and unsustainable tax burdens.

More recent and applied research shows us the opposite, that eliminating fuel subsidies in developing countries caused more

macroeconomic imbalances, we can mention Ezeoha & Uche, 2017; Ayoola, (2024); Okorie *et. al.*, 2024; Ginn, 2024, Sisalima (2024) and Plante, 2014.

The research of Ezeoha & Uche (2017) and Ayoola, (2024) agree that the elimination of the fuel subsidy was intended to free up public funds for development, has caused widespread difficulties in GDP, indebtedness, labor informality, greater poverty and emphasize that although there are some studies that argue that at the beginning of this measure, there is a slowdown in inflation after an initial period, but it generates an inflationary spiral and a macroeconomic imbalance.

In addition, Ezeoha & Uche (2017), Ayoola, (2024) and Okorie *et. al.*, (2024) conclude that the elimination of the fuel subsidy has triggered inflationary pressure due to cost dynamics, increasing transport and production costs and, consequently, raising consumer prices, especially food, a depreciation of the currency and a devaluation of the exchange rate and a structural imbalance of all variables macroeconomic deficit, in addition to a decrease in real income, which leads to higher levels of poverty.

Likewise, we can mention the research of the authors Ginn (2024), Sisalima (2024) and Plante (2014) which deduce that the macroeconomic factors influenced by the elimination of fuel subsidies include the tax burden derived from the financing of the subsidy, the distortion in the allocation of resources that leads to lower economic growth of GDP and the increase in inflation and the potential for budget deficits and a Increased indebtedness, it also recommends that subsidies can lead to inefficient production and consumption patterns, a negative impact on the trade balance and investment, and an obstacle to the transition to renewable energy.

It is necessary to mention computable general equilibrium models, such as those developed by Gelan (2018) and Liu & Li (2018), have been widely used to simulate the macroeconomic effects of these gradual policy reforms or fuel subsidy shocks, with respect to all their macroeconomic variables such as GDP, consumption, investment, public spending, indebtedness and exports, incorporating sectoral productive efficiency analysis following methodologies by Kumbhakar *et. al.* (2020).

In Bolivia, we can mention some publications on fuel subsidies by international organizations such as ECLAC and the International Monetary Fund. According to ECLAC (2020 and 2023), fuel subsidies have formed, for more than three decades, the central pillar of Bolivian economic policy and a constant instrument of its fiscal policy, created to guarantee universal access to affordable energy, stabilize domestic prices and mitigate inequalities in a context of high poverty and labor informality.

According to the International Monetary Fund (2023 and 2025), fuel subsidy spending in Bolivia was estimated at 2,000 billion dollars per year, around 4% of GDP and is conditioning many macroeconomic variables, mainly inflation and the exchange rate, as well as GDP, net International Reserves (NIR), internal and external debt, and fiscal and trade balances.

It should be noted that in the year 2026 the authors Vargas, *et. al.* (2026) state that the economic, social, community and productive model was to depend excessively on the economic surplus sectors, mainly the export of natural gas without added value and productive for export, a non-renewable resource, and not to take the surpluses to savings and public investment, mainly to the

exploration and exploitation of oil, in the face of the fall in their reserves.

In addition to the above, according to the Ministry of Hydrocarbons and Energy (2026), gasoline and diesel face problems due to self-sufficiency in their domestic market, whether with the production, importation and marketing of fuels, as reflected by the authors Carpio and Reategui (2025), Cazares (2025) and Vargas *et. al.* (2025b), you are aware that the import of fuels entails an eminent inflationary spiral, referring to studies such as the authors Medinaceli and Velázquez (2024). and Vargas *et. al.* (2025b).

In addition to the increase in international oil prices in the face of international wars and conflicts and informality in the liquid fuels market and its implications for energy security, leading to a rise in prices in countries and even more so in developing economies with inflationary periods that disrupt foreign exchange reserves and their macroeconomic variables, and aware that fuels are a fundamental part of economic activity and the productive apparatus in Bolivia (Vargas *et. al.*, 2023a and b and 2025b)

However, according to the authors Vargas *et. al.* (2024b) and Aliaga and Terrazas (2025) deduce that the current economic crisis in Bolivia caused by overpricing and smuggling and the high cost causing an illiquidity of dollars and macroeconomic instability, put at risk the elimination of the fuel subsidy.

Similarly, the research of the authors Vargas *et. al.* (2024a and 2025a and b) agree that it was not possible to specialize in exploration or renewable energies, nor were they able to maintain and sustain the import and subsidization of gasoline and diesel oil with the generation of sources of foreign exchange income or dollars with "renewable resources" with a productive apparatus and formal employment, rather with extractivist public policies or "non-renewable resources" such as the export sale of raw materials such as natural gas and others (Vargas *et. al.* 2026), generating a derisory future of labor informality, indebtedness and disposal of its savings reserves such as gold and added corruption by placing Bolivia at the highest levels in the rankings.

Thus, the objective of this research is to identify, analyze and determine the prices of gasoline and diesel with and without subsidies in the following section, as well as to study the intermediation of fuel imports and the distortions in the market in Bolivia between official prices, real demand and smuggling, through the historical data of the annual budgets, with a sample of a decade from 2014 to 2025 where they affected the sustainability of fuels and the elimination of the fuel subsidy, ultimately passing on to citizens the rise in prices and the instability of fuels and the free market for supply, To this end, we will address the following sections.

## 2. National fuel prices

It is necessary to analyze the determination of the domestic prices that govern in Bolivia, that is, a review of the different calculation methodologies applied by the government to try to keep the domestic prices of diesel and gasoline fixed.

### 2.1. Calculation of the price of diesel oil in Bolivia

The first step in the calculation is to determine the international reference price; once this price has been determined, the next step is to determine the pre-terminal price as established by the following formula (Tapia, 2015):

$$PPT = PR + MR + IEHD + VAT + T \quad (1)$$

Where:

*PPT*: is the Pre terminal price

*PR*: is the international reference price

*MR*: is the refinery margin

*IEHD*: is the Special Tax on Hydrocarbons and Derivatives

*VAT*: is the value added tax

*T*: are the transportation costs

Once the pre-terminal price has been obtained, which is the price established after the refining process, the margins of the other agents involved in the marketing chain must be added to determine the final price as established in the following formula:

$$PFD = PPT + MA + MM + Mmin + VAT \quad (2)$$

Where:

*PFD*: is the final diesel price

*PPT*: is the pre-terminal price

*MA*: is the storage margin

*MM*: is the wholesale margin

*Mmin*: It's the retail margin

*VAT*: is the Value Added Tax

## 2.2. Calculating the price of gasoline and ethanol in Bolivia

Based on the authors Medinaceli and Velázquez (2024), the biomass used for its transformation and use as an additive to liquid fuel in Otto cycle vehicles will be analysed. Law 1098 of September 15, 2018 establishes the framework for the production, storage, transportation, marketing and blending of which determines that the mixture will be up to 12% of the AOV (Additive of Vegetable Origin) in fuels is a biological component, mostly anhydrous ethanol derived from sugarcane, mixed with gasoline in Bolivia to raise the octane rating, improve combustion and reduce the import of fossil hydrocarbons. It is part of the biofuels policy, increasing energy efficiency.

$$PFG = ET + TAOV + PR + MR + MC + MP + MD + IEHD + MA + Mmay + Mmin + VAT$$

Where:

*PFD*: is the final price of gasoline

*ET*: Anhydrous Ethanol

*TAOV*: AOV Transport

*PRG*: Petrol Reference Price

*MR*: Refinery Margin

*MC*: Compensation Margin

*MP*: Margen Poliducto

*MD*: Different Margin

*IEHD*: Special Tax on Hydrocarbons and Derivatives

*MA*: Storage Margin

*Mmay*: Wholesale Margin

*Mmin*: Retail Margin

*VAT*: Value Added Tax on each item except IEDH

For a better understanding and the data found, we will apply the price chain to special gasoline and ethanol, according to the decrees with and without the fuel subsidy, in the following sections. To point out Tapia (2015) throughout history the constant and unstoppable need to import Oil Diesel could never be stopped, due to the lack of suitable oil wells in the country and therefore its insufficient production to supply domestic demand.

## 2.3. Prices of special gasoline and ethanol with D.S. 27959 with subsidy 12/30/04

The State of Bolivia, with Supreme Decree No. 27959, promulgated on December 30, 2004, has been applying a mixture of anhydrous ethanol of less than 12% in Special Gasoline with a price of 1.37 bolivianos per liter, which is equivalent to an exchange rate of 6.96 bolivianos for each dollar, which is equivalent to 0.20 dollars per liter, and the price chains of Special Gasoline and Super Ethanol 92. with a mixture of 12% in force and having a final price for the pumps of 3.74 bolivianos per liter (Medinaceli and Velázquez, 2024), as shown in Table 1.

**Table 1.** Price Chain: special gasoline and ethanol with D.S. 27959

(In bolivianos per liter)

| Concept                 | Base Gasoline (Bs/liters) | Anhydrous Ethanol (Bs/liter) | Special Gasoline+ (Bs/liter) |
|-------------------------|---------------------------|------------------------------|------------------------------|
| Anhydrous Ethanol       |                           | 4,80                         | 0,38                         |
| VAT Ethanol Anhydrous   |                           | 0,72                         | 0,06                         |
| AOV Transport           |                           | 0,45                         | 0,04                         |
| VAT AOV Transport       |                           | 0,07                         | 0,01                         |
| Reference price         | 1,37                      | 0,11                         | 1,26                         |
| VAT Reference           | 0,21                      | 0,02                         | 0,19                         |
| Refinery margin         | 0,28                      | 0,02                         | 0,26                         |
| VAT Refinery margin     | 0,04                      | 0,00                         | 0,04                         |
| Compensation Margin     | 0,08                      | 0,01                         | 0,07                         |
| VAT Compensation Margin | 0,01                      | 0,00                         | 0,01                         |
| Margin Pipeline         | 0,04                      | 0,00                         | 0,04                         |
| VAT Margin Pipeline     | 0,01                      | 0,00                         | 0,01                         |
| Different Margin        | 0,07                      | 0,00                         | 0,07                         |
| VAT Margin Different    | 0,01                      | 0,00                         | 0,01                         |
| IEHD                    | 0,97                      | 0,08                         | 0,89                         |
| Storage Margin          |                           |                              | 0,04                         |
| VAT Storage Margin      |                           |                              | 0,01                         |
| Wholesale Margin        |                           |                              | 0,10                         |
| VAT Wholesale Margin    |                           |                              | 0,02                         |

|                       |  |  |             |
|-----------------------|--|--|-------------|
| Retail Margin         |  |  | 0,22        |
| VAT Retail Margin     |  |  | 0,03        |
| <b>End User Price</b> |  |  | <b>3,74</b> |

**Source:** Medinaceli and Velázquez (2024) and National Hydrocarbons Agency (2026)

#### 2.4. Special gasoline and ethanol prices with D.S. 5516 without subsidy 01/13/26

The State of Bolivia with Supreme Decree 5516, enacted on January 13, 2026, the reference price goes from 1.37 to 3.21 bolivianos per liter, eliminating the fuel subsidy, having a price chain with all its costs and reaching a price of 6.96 bolivianos per liter for the final sale that is equivalent to an exchange rate of 10 bolivianos for each dollar, which is equivalent to 0.696 dollars per liter, with a mixture of 12% in force, are shown in the following Table 2.

**Table 2.** Price Chain: special gasoline and ethanol with D.S. 5533

(In bolivianos per liter)

| Concept                 | Base Gasoline (Bs/liters) | Anhydrous Ethanol (Bs/liter) | Special Gasoline+ (Bs/liter) |
|-------------------------|---------------------------|------------------------------|------------------------------|
| Anhydrous Ethanol       |                           | 4,80                         | 0,38                         |
| VAT Ethanol Anhydrous   |                           | 0,72                         | 0,06                         |
| AOV Transport           |                           | 0,45                         | 0,04                         |
| VAT AOV Transport       |                           | 0,07                         | 0,01                         |
| Reference price         | <b>3,21</b>               | 0,110                        | 3,10                         |
| VAT Reference           | 0,48                      | 0,017                        | 0,47                         |
| Refinery margin         | 0,13                      | 0,004                        | 0,12                         |
| VAT Refinery margin     | 0,48                      | 0,017                        | 0,47                         |
| Compensation Margin     | 0,04                      | 0,001                        | 0,04                         |
| VAT Compensation Margin | 0,48                      | 0,017                        | 0,47                         |

|                       |      |       |             |
|-----------------------|------|-------|-------------|
| Margin Pipeline       | 0,02 | 0,001 | 0,02        |
| VAT Margin Pipeline   | 0,48 | 0,017 | 0,47        |
| Different Margin      | 0,03 | 0,001 | 0,03        |
| VAT Margin Different  | 0,48 | 0,017 | 0,47        |
| IEHD                  | 0,45 | 0,015 | 0,43        |
| Storage Margin        |      |       | 0,04        |
| VAT Storage Margin    |      |       | 0,01        |
| Wholesale Margin      |      |       | 0,10        |
| VAT Wholesale Margin  |      |       | 0,02        |
| Retail Margin         |      |       | 0,22        |
| VAT Retail Margin     |      |       | 0,03        |
| <b>End User Price</b> |      |       | <b>6,96</b> |

**Source:** Based on Medinaceli and Velázquez (2024) and National Hydrocarbons Agency (2026)

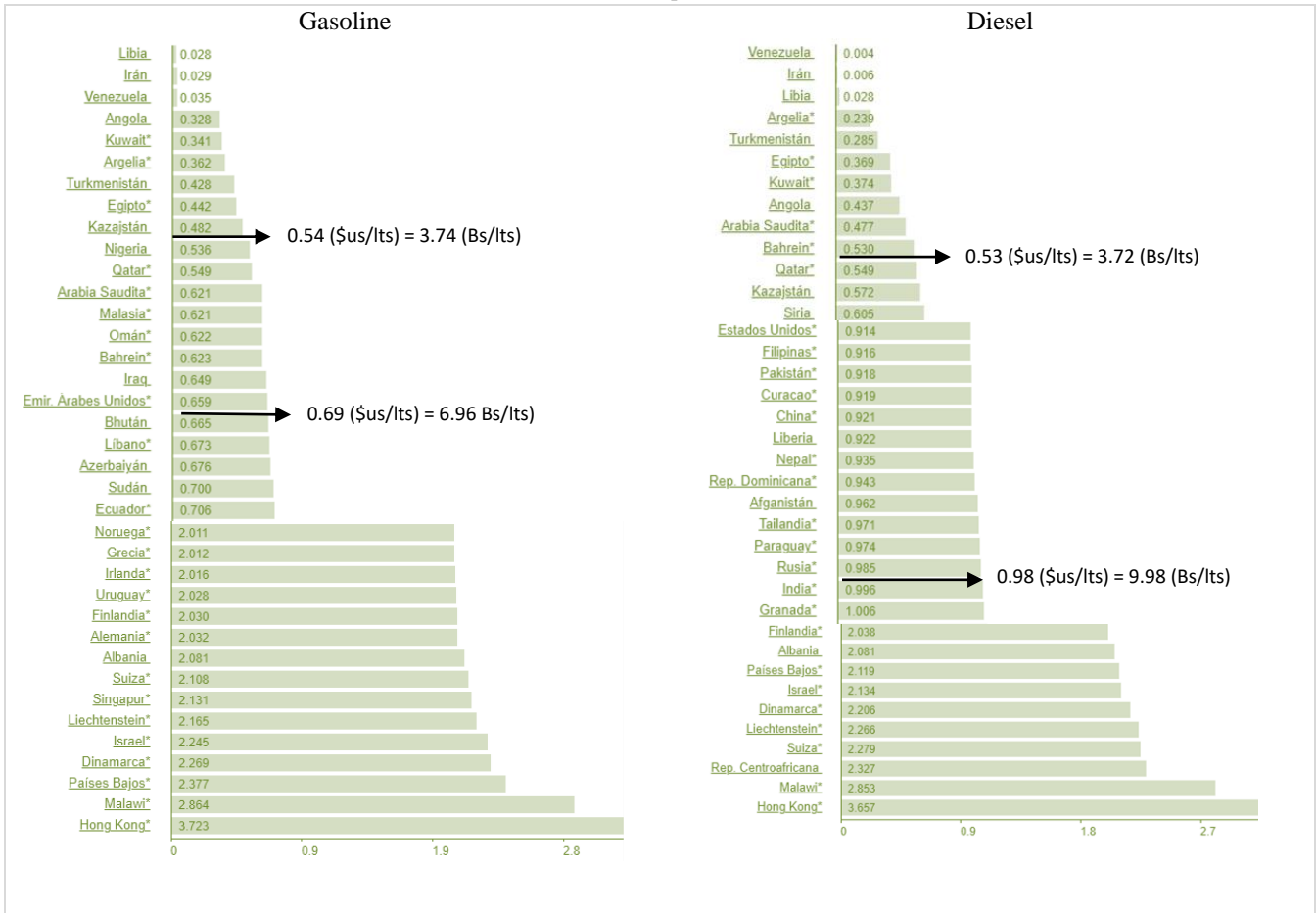
Once the national prices have been calculated, we move on to identify and analyze the international prices, considering the next section.

### 3. International gasoline and diesel fuel prices

According to Global Petrol Price (2026) gasoline and diesel prices for January 19, 2026, the average price of gasoline worldwide is \$1.29 per liter and diesel is \$1.23 per liter. There is a substantial difference in these prices between different countries. As a general rule, the richest countries have the highest prices, the case of Hong Kong with 3.72 dollars per liter of gasoline and diesel 3.65 dollars per liter, while the poorest countries and countries that produce and export oil have significantly lower prices, such as Libya with 0.028 dollars per liter for gasoline and Venezuela and Iran 0.028 dollars per liter of diesel. An exception is the US, with \$0.82 per litre of petrol and 0.91 litre of diesel, an economically advanced country with low petrol and diesel prices, see Graph 1.

**Graph 1.** International prices of gasoline and diesel fuels

(In dollars per liter)



Source: From Global Petrol Price (2026)

In Graph 1, the prices of the countries indicated are updated weekly, the prices of the other countries are updated monthly because these countries have regulated fuel markets and prices do not change frequently, the price differences between countries are due to the different taxes and subsidies for gasoline and diesel, all countries have access to the same oil prices in international markets, but different taxes are imposed, as a result, gasoline prices are different Global Petrol Price (2026).

It should be noted that fuel prices in Bolivia will be reviewed and evaluated in mid-June and July 2026, maintaining the current rates until then according to Supreme Decree 5516. Although the subsidy was eliminated in December 2025, the Bolivian government monitors the international market to define future adjustments without making hasty decisions, but in the current context of March 2026, the armed conflict between the United States and Iran has generated a direct impact on the global energy market with the rise in the barrel of oil that reached 112 dollars. which will have repercussions worldwide and Bolivia is not exempt as it is a country dependent on the import of fuels.

#### 4. Elimination of prices from the import of fuel subsidies

As of Supreme Decree 5503 of December 17, 2025, it was only valid for about 25 days, because this decree included 120 articles

apart from the elimination of the fuel subsidy and generated discontent in Bolivian society and had to be abrogated and replaced by Supreme Decree 5516 with 32 articles on January 12, 2026, currently the price of diesel in Bolivia has been set at 9.80 bolivianos per liter and special gasoline with 6.96 bolivianos per liter, after the end of the state subsidy, it should be noted that the exchange rate to convert Bolivian pesos to dollars was considered the reference exchange rate of the Central Bank of Bolivia (2026), this price is official for Diesel, Oil and Gasoline for the final consumer at service stations or pumps authorized by the National Hydrocarbons Agency (2026).

It is worth mentioning that the Ministry of Hydrocarbons and Energy (2026) Supreme Decree 5516, established key details, such as its objective that it is a measure that seeks to curb smuggling and that represented about 50% of the supply of fuels in Bolivia, its validity will be for six months from January 13, 2026, after which its adjustment will be evaluated according to the international market, In addition, the tax pressure will be alleviated by the elimination of the fuel subsidy with the increase for each item, as in the case of special gasoline rises 86% and diesel oil by 163%, while premium gasoline and aviation gasoline grows by 130%, kerosene 107% and the one that grew the most 288% and liquefied gas maintains its subsidized price so as not to affect family consumption as it is a domestic fuel Liquefied Petroleum Gas (LPG) and free the import of fuels, see Table 3.

Table 3. Elimination of fuel prices with the decrees

(In bolivianos liters, kilograms and cubic meters)

| Fuel Prices                                | D.S. 2795930/12/2004    | D.S. 5503 17/12/2025 to D.S. 5516 12/01/2026 | Growth Rate |
|--|-------------------------|--|-------------|
| <b>Fuel Prices (DS 5516) 12/01/2026</b>    | <b>Bs/liter</b>         | <b>Bs/liter</b>                              | <b>%</b>    |
| Special Gasoline                           | 3,74                    | 6,96   | 86%         |
| Diesel Oil                                 | 3,72                    | 9,8  | 163%        |
| Premium Gasoline                           | 4,79                    | 11   | 130%        |
| Aviation Gasoline                          | 4,57                    | 10,57  | 131%        |
| Kerosene                                   | 2,72                    | 5,64   | 107%        |
| Jet Fuel                                   | 2,77                    | 10,74  | 288%        |
| Oil Gas                                    | 3,74                    | 5,69   | 52%         |
| <b>Fuel Prices (DS 5516) 12/01/2026</b>    | <b>Bs/kg</b>            | <b>Bs/kg</b>                                 | <b>%</b>    |
| Liquefied Petroleum Gas (price maintained) | 2,25                    | 2,25   | 0%          |
| <b>Fuel Prices (DS 5516) 12/01/2026</b>    | <b>Bs/m<sup>3</sup></b> | <b>Bs/m<sup>3</sup></b>                      | <b>%</b>    |
| Natural Gas Vehicles                       | 2,73                    | 2,73   | 0%          |

**Source:** From the Ministry of Hydrocarbons and Energy (2026) and the National Hydrocarbons Agency (2026)

With the elimination of the fuel subsidy and the comparison of prices of each decree, it is necessary to compare with inflation, for that we will address the next section.

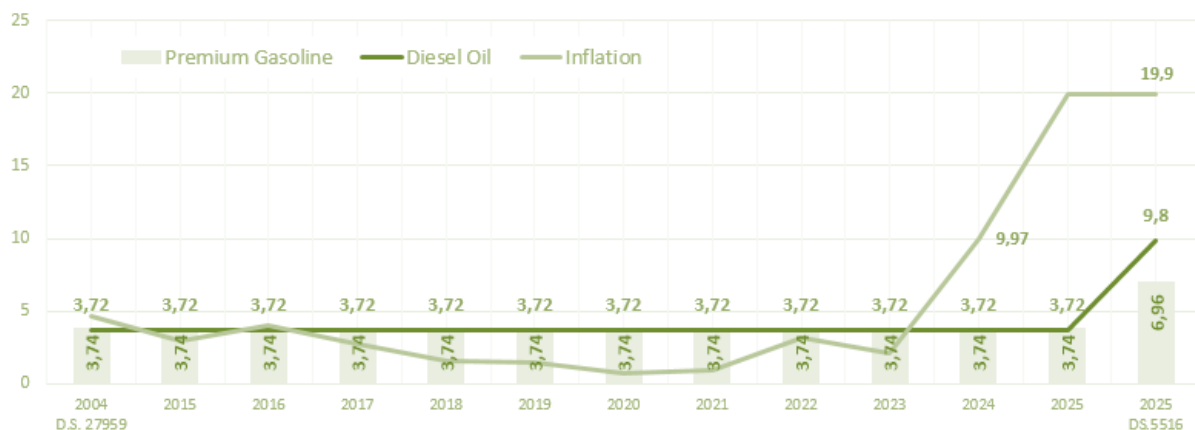
## 5. Inflation and fuel import prices

The State of Bolivia, with D.S. 27959, has been applying for more than twenty years from 2004 to 2025 the policy of subsidizing fuels as an average between special gasoline of 0.54 dollars per liter and diesel oil of 0.53 dollars per liter with a flexible exchange rate, but since 2011 with a fixed exchange rate of 6.96 bolivianos per dollar. with the aim of stabilizing prices and not generating inflation, see Graph 2.

Inflation in Bolivia between 2004 and 2025 is divided into three stages marked according to the National Institute of Statistics (2025), the first stage was characterized by Stability with Bonanza between 2004 and 2021, where low inflation prevailed with an average of 3%, the second stage was determined by the break in the year 2023. After years of control, the rate jumped in 2024 to 9.97%, the highest in 20 years, driven by the shortage of dollars and logistical problems of fuel imports (Vargas *et. al.*, 2024) and the third stage was the current crisis of 2025 where it closed with a record of 19.9%, the highest level in almost four decades, due to the increase in food prices and the adjustment in the cost of fuels with overpricing and smuggling (Vargas *et. al.*, 2026), see Graph 2.

**Graph 2.** Inflation and national fuel prices in Bolivia

(In bolivianos and dollars per liter)



**Source:** From the National Hydrocarbons Agency (2025)

Once we have the methodology for how the price of special gasoline and diesel oil is calculated and the price variation, we will now explain the import and subsidization of fuels from the perspective of the national price of Yacimientos Petrolíferos

Fiscales Bolivianos (2026), of the consumption or real demand and the smuggling of fuels, for this we address the following sections.

## 6. Fuel imports from YPFB, real consumption and smuggling

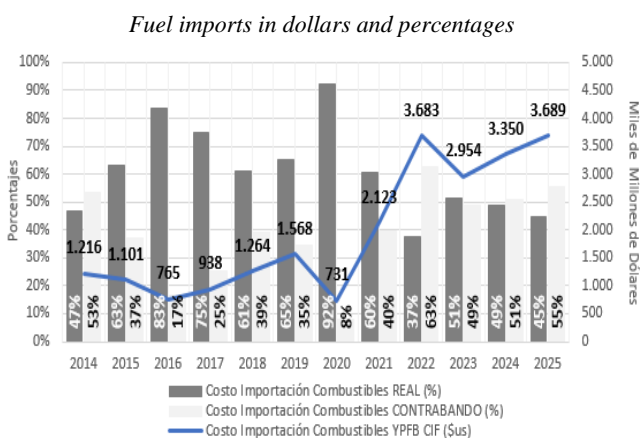
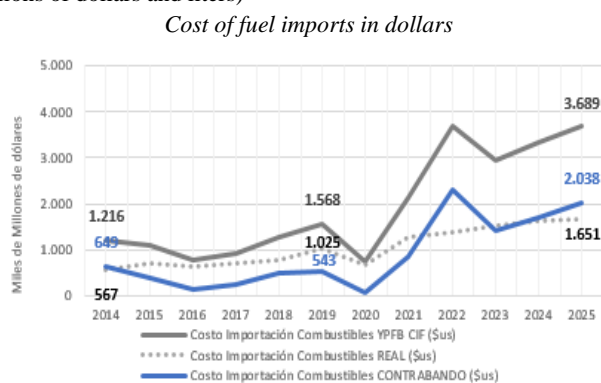
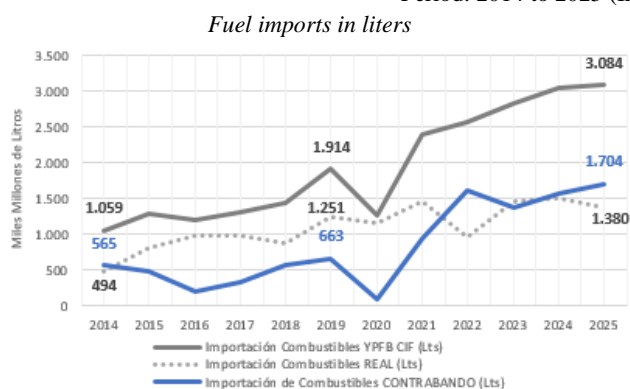
The total import of fuels in dollars in the period 2014 to 2025, according to Yacimientos Petrolíferas Fiscales Bolivianos (YPFB) (2026) the General State Budget (PGE) for the year 2025 reached 3,689 billion dollars of fuels, according to official government data 50% smuggling and 50% real consumption, but the data released for the year 2025 show us that there was 55% of smuggling with 2,038 billion dollars were the import of smuggling and 45% of real consumption amounting to 1,651 billion dollars of real consumption. With respect to 2014, fuel imports reached 1,216 billion dollars, according to official government data, 50%

smuggling and 50% real consumption, but the data for 2014 reveal that there was 53% smuggling with 649 million dollars were contraband imports and 47% of real consumption amounting to 567 million dollars, see Graph 3.

The total import of fuels in liters in the period 2014 to 2025, according to Yacimientos Petrolíferas Fiscales Bolivianos (YPFB) (2026) and the PGE 2025 in the year 2025 reached 3,084 billion liters of fuels, in the same way according to official government data 50% smuggling and 50% real consumption, but the data released for the year 2025 show us that there was 55% smuggling with 1,704 billion liters were the smuggled imports and 45% of real consumption amounting to 1,380 billion liters of real consumption, can be seen in Graph 3.

**Graph 3.** The import of YPFB fuels, real consumption and smuggling

Period: 2014 to 2025 (In billions of dollars and liters)



**Source:** Based on the National Institute of Statistics of Bolivia (2026) and Yacimientos Petrolíferas Fiscales Bolivianos (2026)

With respect to 2014, it reached 1,059 billion liters of fuel imports, following the retrospective according to official government data 50% smuggling and 50% real consumption, but the data released for the year 2014 reveal that there was 53% of smuggling with 565 million liters were the smuggled import and 47% of real consumption that amounts to 494 million liters.

It is worth mentioning that in the period 2014 to 2025 in twelve years the import of gasoline and diesel fuels in liters increased by 191% and the total cost of importing gasoline and diesel fuels rose by 203%, see Graph 3.

## 7. Fuel subsidy from YPFB, real consumption and smuggling

The total fuel import subsidy in dollars in the period 2014 to 2025, according to YPFB the General State Budget (PGE) for the year 2025 reached 2,209 billion dollars of fuels, according to official government data 50% smuggling and 50% real consumption, but the data for the year 2025 show us that there was 63% smuggling with 1,397 billion dollars were the smuggled import subsidy and 37% of real consumption amounting to 812 million dollars of real consumption, see the following Graph 4.

With respect to 2014, the fuel import subsidy reached 922 million dollars, following the retrospective according to official government data 50% smuggling and 50% real consumption, but

the data released for the year 2014 reveal that there was 74% of smuggling with 678 million dollars were the smuggled import and 26% of real consumption amounting to 567 million dollars, see Graph 4.

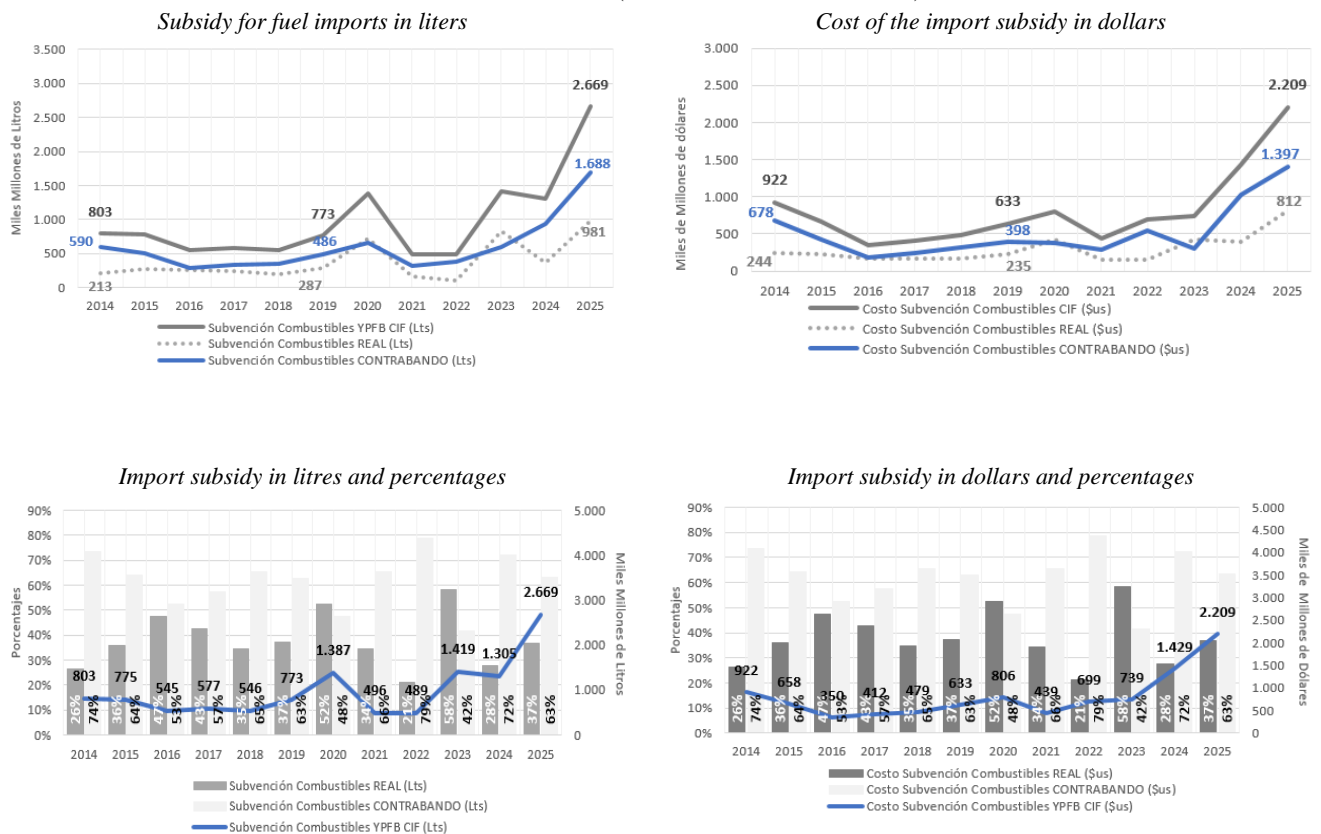
The total fuel import subsidy in liters in the period 2014 to 2025, according to Yacimientos Petrolíferas Fiscales Bolivianos (YPFB) (2026) and the PGE 2025 in 2025 reached 2,669 billion liters of fuels, in the same way according to official government data 50% smuggling and 50% real consumption, but the data released for the year 2014 show us that there was 63% smuggling with 1,688

billion liters were the subsidy for smuggling imports and 37% of real consumption amounting to 987 million liters of real consumption, as can be seen in Graph 4.

In 2014, 803 million liters of fuel import subsidy were reached, following the retrospective according to official government data 50% smuggling and 50% real consumption, but the data released for the year 2014 reveal that there was 74% of smuggling with 590 million liters were the smuggled import and 26% of real consumption amounting to 213 million liters.

**Graph 4.** The import of YPFB fuels, real consumption and smuggling

Period: 2014 to 2025 (In billions of dollars and liters)



**Source:** Based on the National Institute of Statistics of Bolivia (2026) and Yacimientos Petrolíferas Fiscales Bolivianos (2026)

In the period 2014 to 2025 in twelve years, the import subsidy for gasoline and diesel fuels in liters increased by 232% and the total cost of importing gasoline and diesel fuels rose by 140%, see Graph 4. For a better understanding, the average of the import and subsidy of fuels for the year 2025 is necessary, in this sense we will address the next section.

### 8. Average fuel imports and subsidies

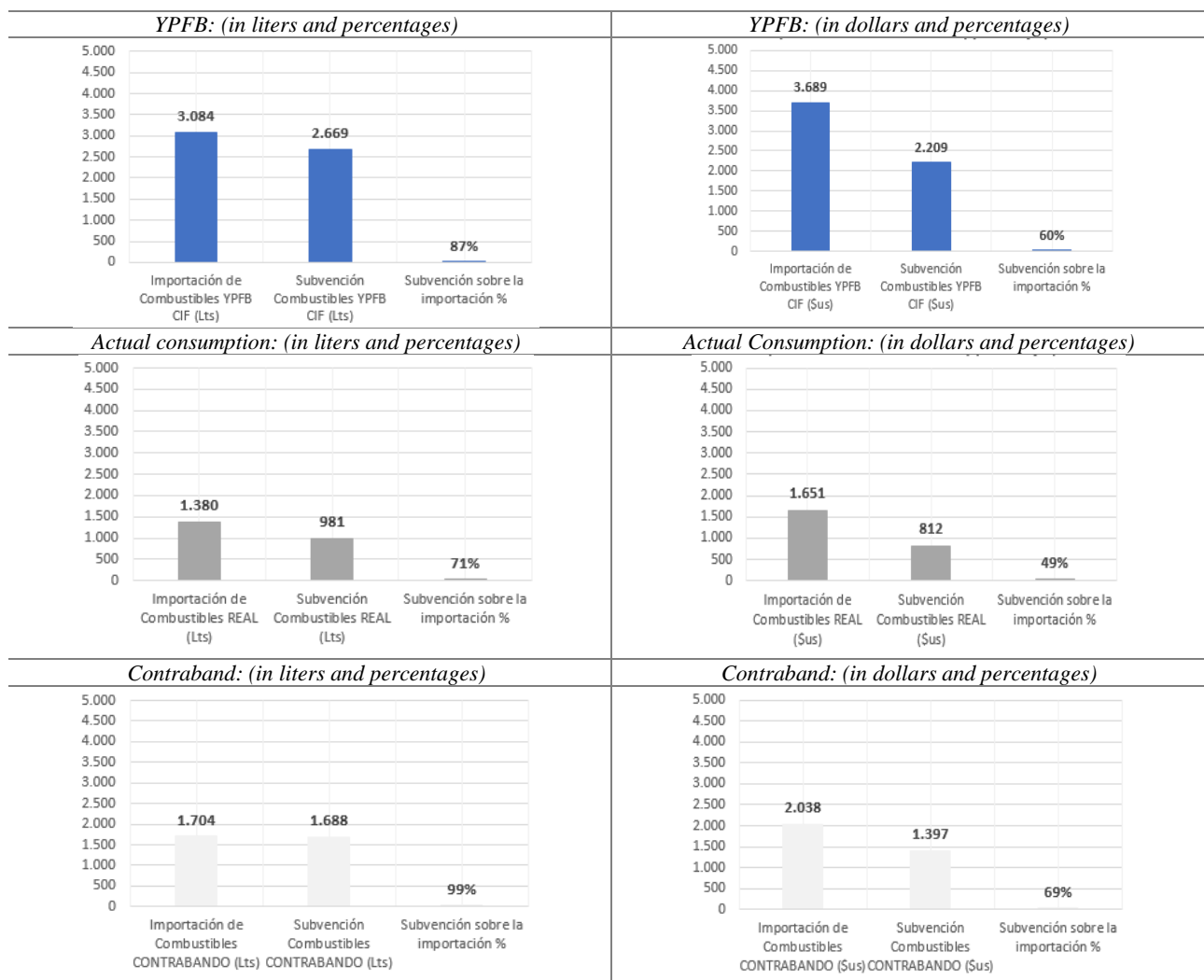
The average import and subsidization of fuels for Yacimientos Petrolíferas Fiscales Bolivianos (YPFB) (2026), real consumption

**Graph 5.** Average import and subsidy of YPFB fuels, real and contraband

Period: 2025 (In billions of dollars, liters and percentages)

and smuggling for the year 2025 in billions of dollars and liters and in percentages, can be seen in Graph 5.

The import of fuels in liters reached the year 2025 according to Yacimientos Petrolíferas Fiscales Bolivianos (YPFB) (2026) 3,084 billion liters, real consumption was 1,380 billion liters 45% and smuggling 1,704 billion liters 55%, while in foreign currency dollars the import of fuels for the year 2025 reached according to YPFB 3,689 billion dollars, the import of fuels for real consumption represents 1,651 million dollars, 44%, and the import of fuels for smuggling was 2,038 billion dollars, 56%, as can be seen in Graph 5.



**Source:** Based on the National Institute of Statistics of Bolivia (2026), Ministry of Hydrocarbons and Energy (2026) and Bolivian Fiscal Oil Fields (2026)

It can also be seen in Graph 5, the fuel subsidy in liters reached 2,669 billion liters in 2025 according to Yacimientos Petrolíferas Fiscales Bolivianos (YPFB) (2026), real consumption was 981 million liters 36% and smuggling 1,688 billion liters 64%, while in foreign currency YPFB dollars the fuel subsidy reached 2,209 billion dollars, the subsidy for real consumption represents 812 million dollars, 37%, and the subsidy for smuggling is 1,397 billion dollars, 63%, as can be seen in Graph 5. In other words, YPFB subsidized fuel imports in 2025 in liters by 87% and in millions of dollars by 60%, real consumption was in liters by 71% and in millions of dollars by 49% and smuggling reached 99% in liters and 69% in millions of dollars.

### 9. Import of fuels with intermediation

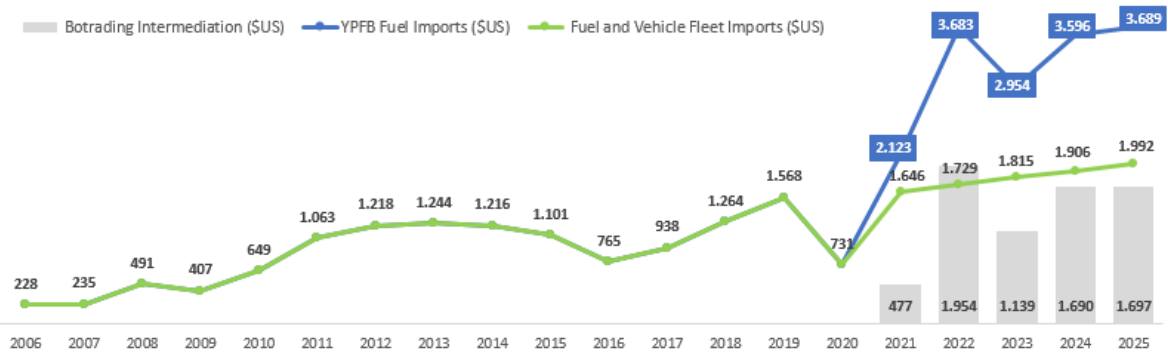
The import of fuels with intermediation, according to the Ministry of Hydrocarbons and Energy (2026) created by the Bolivian government under the presidency of Luis Arce Catacora through the Ministry of Hydrocarbons and Energy and by Yacimientos Petrolíferos Fiscales Bolivianos (YPFB) (2026) and was born under the name Botrading and created with headquarters in

Paraguay in 2019 and restructured in 2022, because the Political Constitution of the State of Bolivia does not allow the creation of another institution similar to YPFB, the company was created with the aim of importing diesel, gasoline and crude oil. It was designed to break the monopoly of international companies and reduce import prices, it is a corporation, based in Paraguay, constituted by two subsidiaries of YPFB, which according to the company allows profits to return to Bolivia. For its operation, it received a loan of 80 million dollars from YPFB and the company has been investigated for alleged overpricing, although YPFB defends that it has generated savings and profits for the State.

According to data from the National Institute of Statistics (2025), the Ministry of Hydrocarbons and Energy (2026) and the Ministry of Economy and Finance (2026), the import of fuels with intermediation for the import, subsidization and marketing of diesel and gasoline fuels by Botrading, has had a considerable growth since 2021, with the import of fuels rising to 2,123 billion dollars, it rose by 477 million dollars, by 2022 it reached 3.683 billion dollars, it rose by 1.729 billion dollars it quadrupled, by 2023 the import of fuels fell to 2.954 billion dollars but Botrading's import rose to 1.815, by 2024 to 1.906 and by 2025 it rose to 1992 billion dollars with a total import of 3.689 billion dollars, that is, a growth in fuel imports from 2021 to 2025 by 73%, see Graph 6.

**Graph 6. Importing fuels with intermediation**

Period: 2006-2025 (Millions of dollars)



**Source:** From the INE (2025) and the Ministry of Hydrocarbons and Energy (2026) and Yacimientos Petrolíferas Fiscales Bolivianos (YPFB) (2026)

Between 2006 and 2019 in 14 years, the average growth of fuel imports was 885 million dollars and grew in average percentages by 2.4%, as can be seen in Graph 6. However, from 2021 to 2025, the average fuel import grew by 3,200 billion dollars in 5 years and in average percentages it rose 3.6%. Regarding GDP, fuel imports rose from 3.1% to 7% in 2018 by 2025, see: Graph 6.

## Conclusions

We can conclude that the import of fuels and mainly the fuel subsidy has formed the central pillar of Bolivian economic policy and was an instrument to have inflation controlled by 3%, having the intermediation of Botrading, the fuel subsidy could no longer be maintained due to the growth of the significant cost of fuel imports in the last five years (2021-2025) annual average of 3,200 billion dollars, considering that imports were in average percentages and rose 3.6%, while in 14 years (2006 to 2019) the average growth of fuel imports was 885 million dollars and grew in average percentages by 2.4%, it is important to mention that national gasoline reserves fell to 50% and national diesel 80%. Our national demand for fuels was around 1,500 billion dollars in 2019 and not 3,689 billion dollars in 2025.

We can also conclude that fuel imports as a percentage of GDP rose from 3.1% to 7% by 2025 more than double. It is important to mention and conclude that in Bolivia with the creation of an intermediary company Botrading generated a macroeconomic imbalance of illiquidity of foreign currency, due to the increase in overprices and the high level of smuggling in 5 years the economic damage was almost 7 billion dollars approximately.

Fuel prices in Bolivia will be reviewed and evaluated in mid-2026 between June and July, as indicated by Supreme Decree 5516, maintaining the current rates until then. Although the subsidy was eliminated in December 2025, the government monitors the international market to define future adjustments without making hasty decisions, but as fuels depend on the international price of oil and taking into account the situation that is dynamic and depends on the duration and magnitude of the conflict in the Middle East between the United States and Iran, has sent oil prices soaring to more than 112 dollars per barrel, generating global inflationary pressures, it is warned that the high dependence on fuel imports of 50% of gasoline and almost 90% of diesel in Bolivia, pressures for a possible adjustment in the face of the high international cost.

Future research is needed on the removal of the subsidy and the importation of poor quality fuel that has generated a technical and economic crisis in 2026. Defective gasoline and diesel cause severe damage to engines in stuck valves and damaged pumps, although it is attributed to waste in storage tanks, transportation demands solutions to the high cost of repairs and the increase in fuel prices.

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