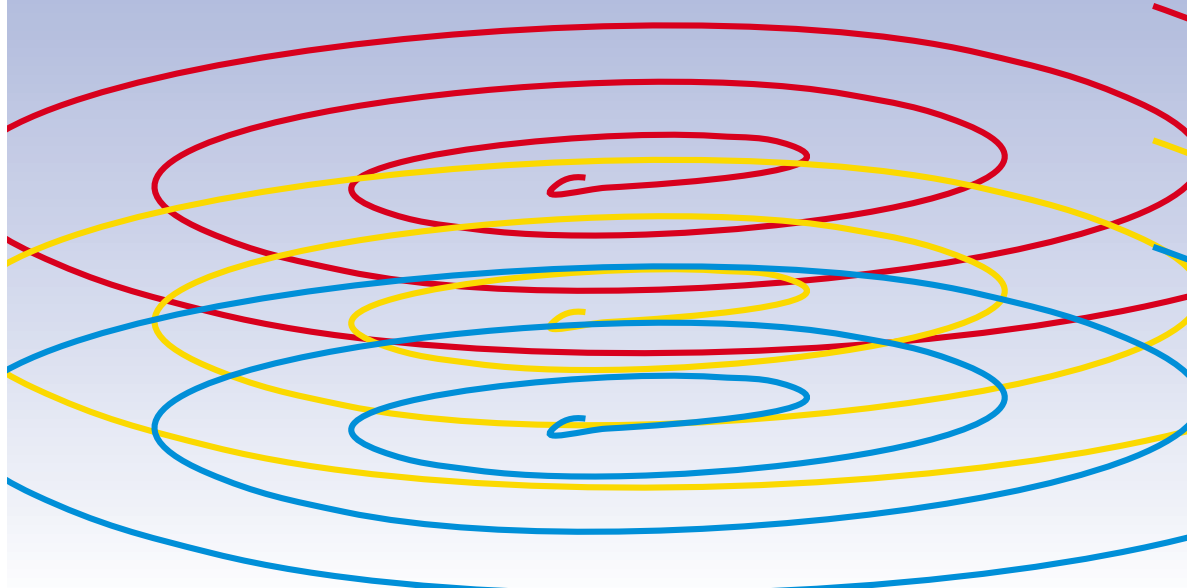
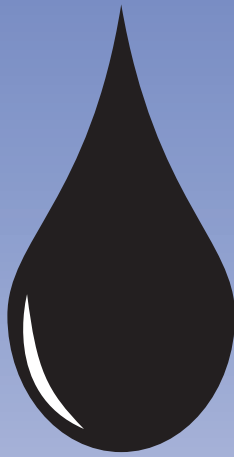
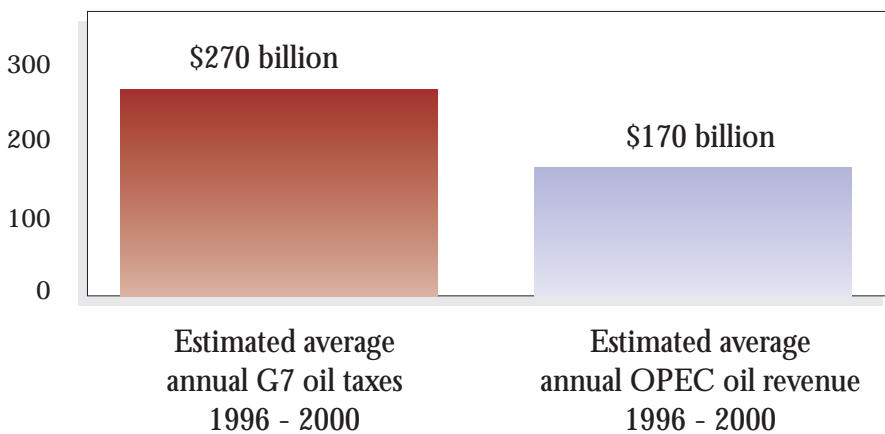
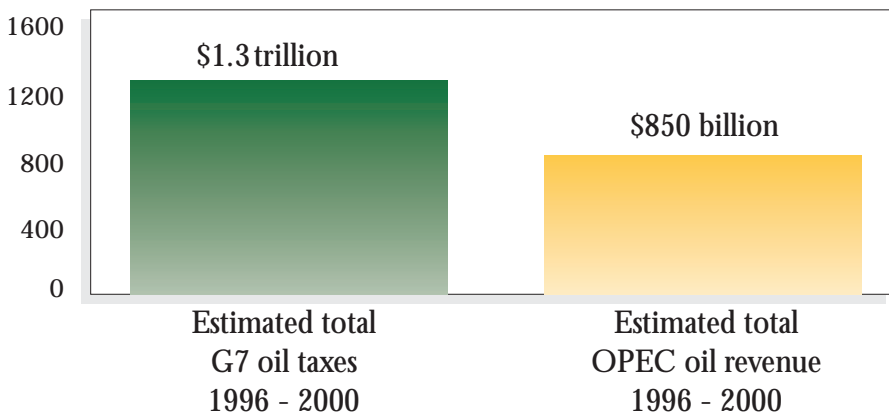




Who gets what from imported oil?



Taxes versus Revenue



Source: Research Division, OPEC, Vienna, Austria, 2001

A Taxing Business

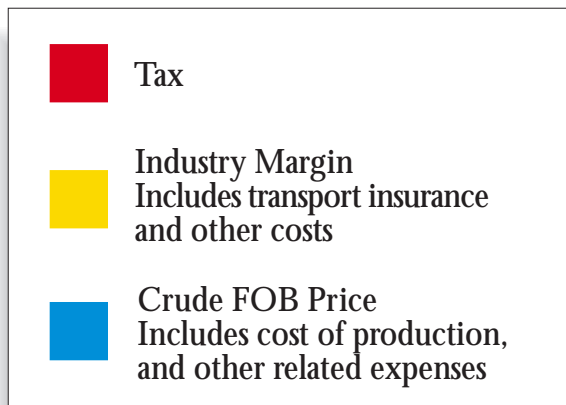
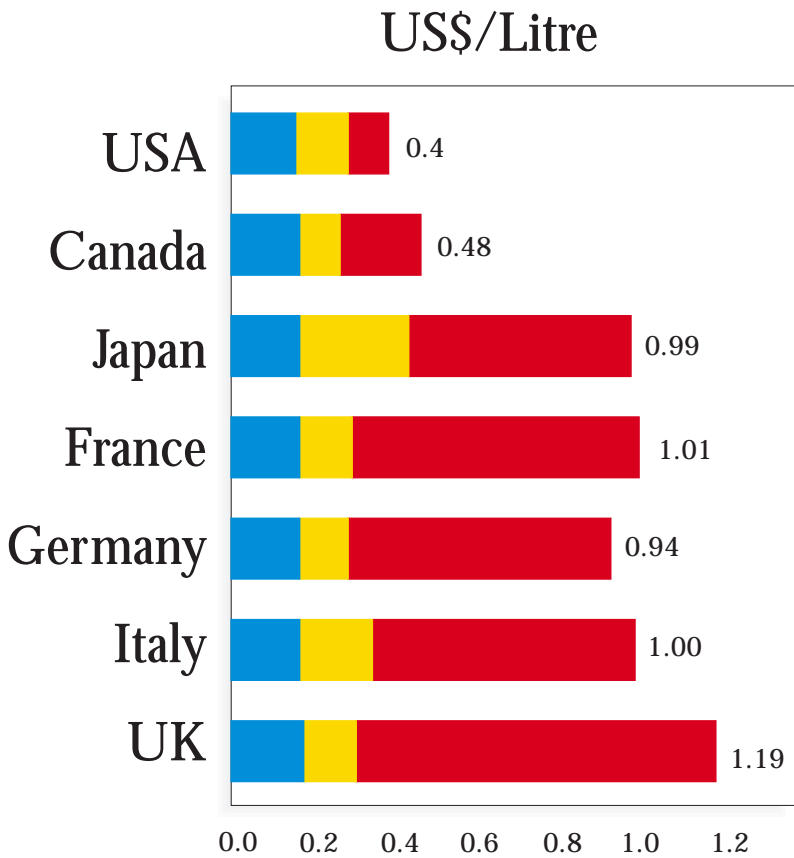
It is commonly believed that the oil-producing countries, especially the OPEC Members, make vast profits from the sale of their oil. However, as these graphs show, that is a myth. It is true that vast profits are made, but not by

OPEC. The G7 nations (the USA, Canada, Japan, France, Germany, Italy, and the UK) make far more money from oil taxation than the OPEC nations do from the sale of their oil. Let's take a closer look at the figures.

The first of the two graphs above shows that over the period 1996-2000, the G7 nations made a total of \$1.3 trillion from oil taxation. This compares with the revenue of just \$850 billion for the OPEC Members over the same five-year period. In addition, while the \$1.3 trillion in oil taxation by the G7 is pure profit, this is not the case for the OPEC nations, who must meet the cost of finding, producing and transporting that oil from their \$850 billion income.

The second graph above shows the annual averages over that five-year period. It can be seen that while the OPEC nations averaged \$170 billion per year in sales revenue, the G7 countries raked in as tax income, \$270 billion per year — around \$100 billion per year more than OPEC. It can thus be clearly seen that the real burden on the consumer is taxation, and the real profiteers are the governments of the consuming countries.

Who gets what from a litre of oil in the G7?



Notes

1. Figures are estimated prices in US dollars per litre for the year 2000
2. Unleaded premium (95 RON) gasoline for France, Germany, Italy, UK; regular unleaded gasoline for Canada, Japan and USA

Source

Research Division, OPEC, Vienna, Austria, 2001

Pumping the Consumer

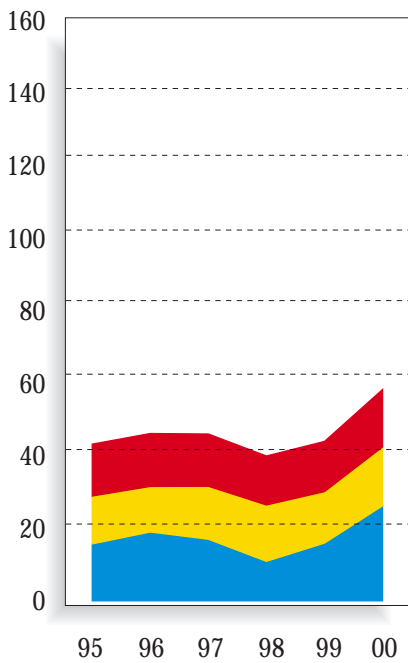
As every driver knows, filling up your car can be an expensive business. What is not so widely known is just where most of that money goes. The graph above is intended to shed some light on this.

It can be seen that there are wide regional variations in product prices, and that these are not due to differences in crude prices, but to wildly varying levels of taxation in the consuming nations of the G7. These can range from relatively modest (although by no means insignificant) in the USA and Canada, to very high levels in many European countries. In the UK, for example, the government receives around four times from taxation more than what OPEC gets from the sale of its oil.

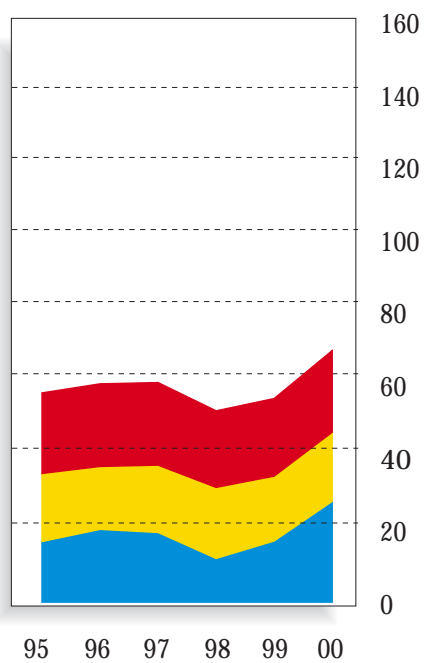
If gasoline were not so heavily taxed in countries such as the UK, Japan, France, Germany and Italy, it would be only a fraction of the current price. More details are shown in the country-by-country graphs on the next page. Wherever you live, that's something to think about next time you stop to fill up your car.

Composite barrel analysis for major consuming countries in nominal dollars per barrel 1995-2000

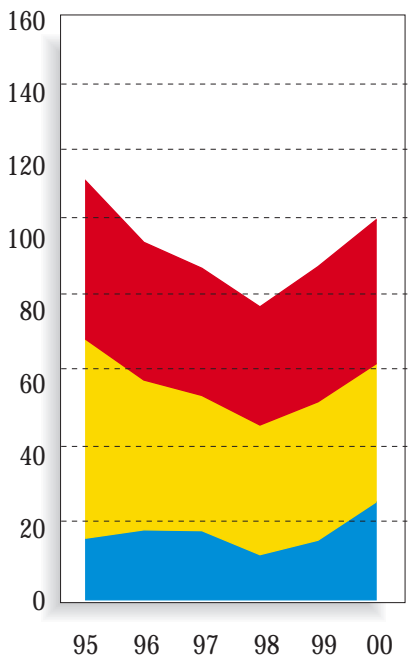
USA



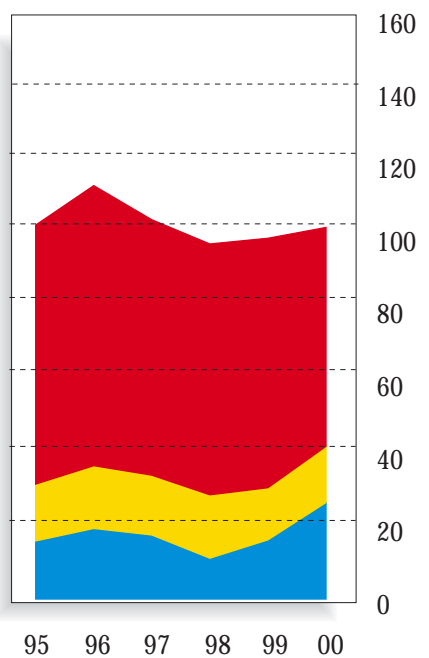
Canada



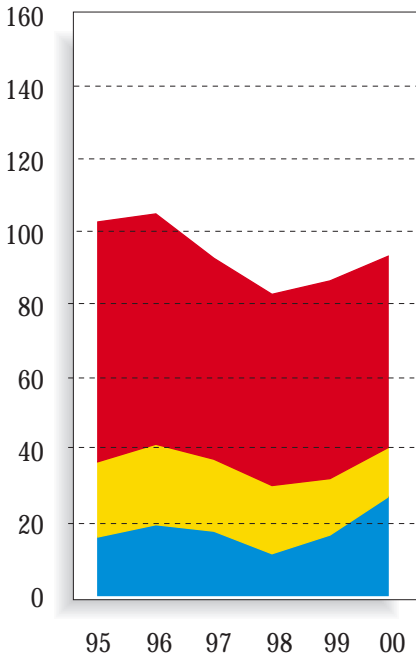
Japan



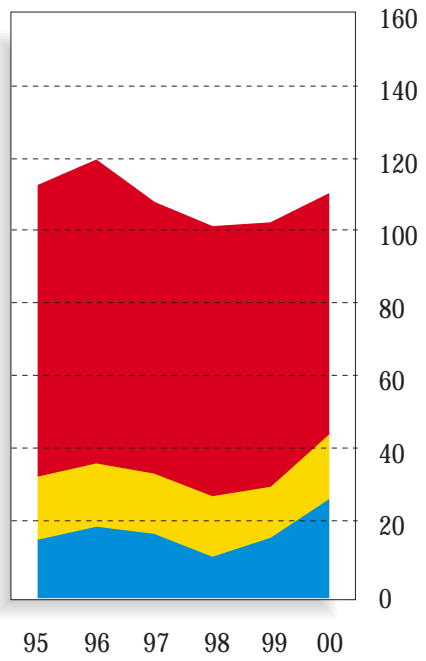
Italy



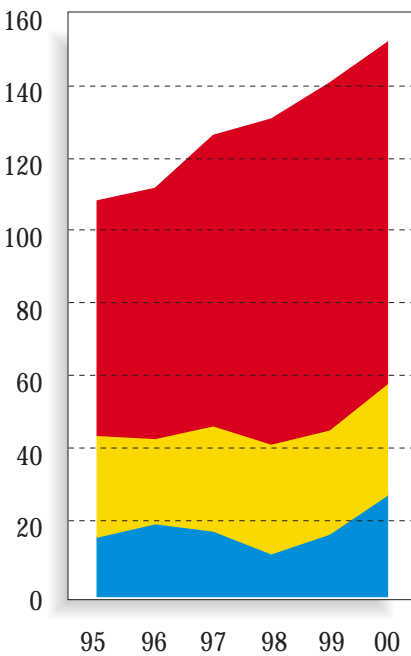
Germany



France



UK



Note

One barrel equals
42 US gallons, or 159 litres

Sources

OPEC Research

Division, 2001,

based on data from:

1 OECD, Energy Prices
and Taxes

2 Oil Bulletin Petrolier

3 Energy Detente



Tax



Industry Margin
Includes transport insurance
and other costs



Crude FOB Price
Includes cost of production,
and other related expenses

Summary

Oil is big news. It can often seem as if every slight fluctuation in the price is proclaimed to be the start of a new, permanent trend, and analyzed minutely by the media for its possible effect on the world economy.

Despite this intense analysis, there are still many misconceptions surrounding crude oil prices and the prices of products made from oil, such as gasoline. This information leaflet has been produced by OPEC, the Organization of the Petroleum Exporting Countries, to help clear up some of those misconceptions.



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Produced by OPEC PR & Information Department, September 2001