WHO GETS THE MOST FROM IMPORTED OIL?

Governments usually get the largest share – through taxation

It’s time to rethink the price at the pump ...
Oil is always big news. Every increase in its price is thought to raise fuel costs to the detriment of consumers while generating huge income for foreign oil producers. But this is a misconception. While huge revenues are indeed generated, they are earned primarily by major oil-consuming countries.* OECD economies, for example, earn far more revenue from the taxation of the retail sale of petroleum products than oil-producing countries make from the original sale of their crude oil exports.

*Presented figures are based on demand-weighted average prices.
In fact, during 2018, taxes accounted for nearly 50% of the final retail price. Therefore, the real burden on consumers comes from taxes, not from the price paid for crude oil.

In a comparison of a composite barrel of oil in the OECD between 2014 and 2018, in percentage terms, crude oil prices fell by 17%, while taxes rose by 7%. The result is that producers lost revenue, while industry saw increased profits and consumer governments benefitted from the oil taxes.

Moreover, while the billions of dollars earned from oil taxes are pure income for OECD economies, oil export revenues of oil-producing countries must also cover the high costs of exploration, production and transportation.
So the next time you hear that the price of a barrel of oil is having an impact on the price you pay at the pump, remember that oil-related taxes are imposed by many governments that are often the biggest beneficiaries.

More facts and figures available in the online Annual Statistical Bulletin.  

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