

## OIL PRICES

The price of crude oil, from which petroleum products such as gasoline are derived, is influenced by a number of factors beyond the traditional movements of supply and demand, notably geopolitics. Some of the lowest cost reserves are located in sensitive areas of the world. There is not one price for crude oil but many. World crude oil prices are established in relation to three market traded benchmarks (West Texas Intermediate [WTI], Brent, Dubai), and are quoted at premiums or discounts to these prices.

### Definition

Crude oil import prices come from the Crude Oil Import Register. Information is collected according to type of crude and average prices are obtained by dividing value by volume as recorded by customs administrations for each tariff position. Values are recorded at the time of import and include cost, insurance and freight (c.i.f.) but exclude import duties.

### Long-term trends

The 1973 Arab oil embargo had a major price impact as Arabian Light prices surged from USD 1.84/barrel in 1972 to USD 10.77 in 1974.

The first spike after 1973 came in 1981, in the wake of the Iranian revolution, when prices rose to a high of nearly USD 40. Prices declined gradually after this crisis. They dropped considerably in 1986 when Saudi Arabia increased its oil production substantially.

The first Gulf crisis in 1990 brought a new peak. In 1997, crude oil prices started to decline due to the impact of the Asian financial crisis.

Prices started to increase again in 1999 with OPEC target reductions and tightening stocks. A dip occurred in 2001 and 2002, but the expectation of war in Iraq raised prices to over USD 30 in the first quarter of 2003. Prices remained high in the latter part of 2003 and in 2004. Crude oil prices increased dramatically in late August 2005 after Hurricane Katrina hit the eastern coast of the US Gulf of Mexico. Prices continued to increase throughout 2006 as the demand for oil in emerging economies, especially China, put pressure on the supply/demand balance, averaging 24 per cent higher than the previous year. In 2007, the increase continued with Dubai hitting USD 88.82/barrel at the beginning of November and WTI climbing to USD 96.50/barrel.

Since then, prices have risen steadily against a background of tight market fundamentals. One of the strongest drivers was a rapid rise in demand in emerging economies, most notably China. In early 2008, prices crossed the symbolic \$100/barrel threshold and reached a new peak just under \$150/barrel in July 2008. However, since their record highs, prices have fallen back down to \$40/barrel as the impact of high prices and the onset of the global financial crisis have sharply curbed oil demand.

The nominal crude oil spot price from 1985 to 2007 is for Dubai and from 1970 to 1984 for Arabian Light. The real price was calculated using the deflator for GDP at market prices and was rebased with base year 1970 = 100.

### Comparability

Average crude oil import prices are affected by the quality of the crude oil that is imported into a country. High quality crude oils such as UK Forties, Norwegian Oseberg and Venezuelan Light will be more expensive than lower quality crude oils such as Canadian Heavy and Venezuelan Extra Heavy. For a given country, the mix of crude oils imported each month will affect the average monthly price.

### Source

- IEA (2008), *Energy Prices and Taxes*, IEA, Paris.

### Further information

#### Analytical publications

- IEA (2006), *China's Power Sector Reforms*, IEA, Paris.
- IEA (2006), *Optimising Russian Natural Gas: Reform and Climate Policy*, IEA, Paris.
- IEA (2007), *Natural Gas Market Review 2007: Security in a Globalising Market to 2015*, IEA, Paris.
- IEA (2008), *World Energy Outlook 2008*, IEA, Paris.
- IEA (2008), *Energy Policies of IEA Countries*, series, IEA, Paris.

#### Online databases

- *Energy Prices and Taxes*.

#### Websites

- International Energy Agency, [www.iea.org](http://www.iea.org).

## Crude oil import prices

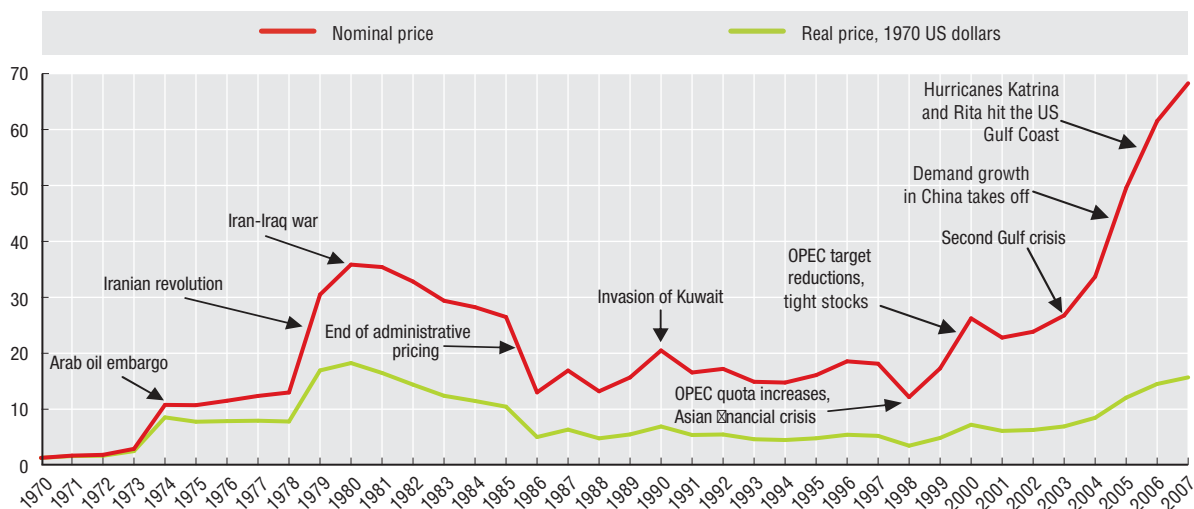

US dollars per barrel, average unit value, c.i.f.

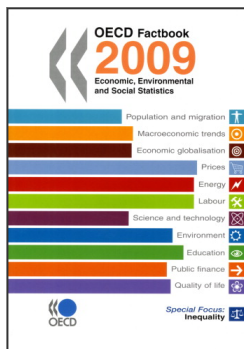
	1976	1990	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Australia	..	24.21	21.81	21.78	14.60	18.38	30.79	26.61	25.80	31.24	40.93	56.71	66.71	77.13
Austria	12.85	24.58	22.06	21.31	14.34	17.54	29.39	25.32	24.64	29.59	38.21	53.15	64.44	71.86
Belgium	12.64	21.11	20.53	18.65	11.97	17.33	27.87	24.20	24.35	27.72	35.35	50.06	61.06	70.35
Canada	..	24.15	21.26	20.59	13.15	17.85	29.10	24.87	24.97	29.53	38.13	52.37	64.33	70.04
Czech Republic	..	..	..	..	..	..	26.59	23.74	23.37	28.13	34.82	51.28	62.05	68.54
Denmark	12.98	23.18	21.25	20.15	13.49	17.71	29.66	24.82	24.88	29.68	38.78	54.40	66.92	74.94
Finland	..	..	21.69	19.44	12.80	18.31	28.13	23.49	24.51	27.72	36.09	51.12	63.37	70.48
France	..	..	20.82	18.99	12.43	17.45	28.18	24.13	24.63	28.87	37.61	52.74	63.69	72.22
Germany	13.27	23.17	20.68	19.01	12.48	17.51	28.09	24.15	24.40	28.44	36.65	52.30	63.29	71.60
Greece	12.13	22.42	20.08	18.45	11.66	16.64	26.95	23.22	24.08	27.17	34.53	50.33	60.97	69.93
Hungary	..	..	19.32	16.74	10.77	16.05	26.22	..	..	..	..	..	..	..
Ireland	..	25.55	21.19	19.99	13.55	17.14	29.88	25.31	25.52	29.66	39.24	55.24	66.38	74.16
Italy	12.41	23.23	20.53	18.88	12.21	17.10	27.77	23.87	24.34	28.58	36.60	51.33	62.50	70.20
Japan	12.59	22.64	20.55	20.55	13.68	17.38	28.72	25.01	24.96	29.26	36.59	51.57	64.03	70.09
Korea	..	..	20.11	20.34	13.72	16.91	28.22	24.87	24.12	28.80	36.15	50.19	62.82	70.01
Netherlands	13.06	21.83	20.39	18.37	11.98	16.97	27.59	23.48	23.99	27.67	35.02	50.00	61.47	68.74
New Zealand	..	21.97	21.86	21.65	14.63	18.16	29.95	26.14	25.89	31.00	41.71	56.07	67.36	73.84
Norway	..	18.46	21.62	16.71	12.23	17.46	28.91	23.43	24.46	30.41	39.20	53.08	58.83	70.16
Portugal	12.14	22.75	20.35	18.95	12.21	17.38	28.20	24.02	24.27	28.72	37.89	51.94	62.77	70.23
Spain	12.54	21.88	20.45	18.34	11.80	16.99	27.16	23.32	23.95	28.13	36.03	50.54	60.99	68.66
Sweden	13.22	23.02	20.86	18.90	12.61	17.68	28.13	24.03	23.86	28.60	36.47	51.78	62.50	70.13
Switzerland	13.87	24.23	21.71	20.50	13.38	18.35	29.53	25.04	25.34	30.26	38.73	55.81	66.76	74.92
Turkey	..	23.11	20.25	18.79	11.99	16.07	26.61	22.98	23.57	27.05	34.90	50.65	61.48	68.59
United Kingdom	12.57	22.92	21.08	19.32	12.64	18.01	28.45	24.45	24.58	29.13	37.75	53.79	65.00	73.80
United States	13.48	21.07	20.16	18.34	12.02	17.06	27.54	22.07	23.52	27.66	35.86	48.82	59.15	66.75

StatLink  <http://dx.doi.org/10.1787/542563683338>

## Crude oil spot prices

US dollars per barrel

StatLink  <http://dx.doi.org/10.1787/536440778182>



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