

OIL PRICES

The price of crude oil, from which oil 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. In addition, technological advances can have a significant influence on crude oil prices, for example by making new oil fields profitable to exploit or by providing substitute energy sources such as biofuels. So far though, the transport sector, driving global oil demand, remains heavily dependent on oil products. Therefore, demand for oil and

Overview

The 1973 Arab oil embargo had a major price impact as Arabian Light prices surged from USD 1.84/barrel in 1972 to USD 10.98 in 1974. The next 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 US coast of the 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 in the previous year. In 2007, the increase continued with Dubai hitting USD 89/barrel at the beginning of November and WTI climbing to USD 97/barrel.

In early 2008, prices crossed the symbolic USD 100/barrel threshold and reached a new peak of just under USD 150/barrel in July 2008; this brought the real price of oil in 2008 to an record high. At the beginning of 2009, prices fell to USD 40/barrel as the impact of high prices and the onset of the global financial crisis sharply curbed oil demand. Later in the year, prices ranged between USD 70 and 80/barrel.

Crude oil prices increased steadily throughout 2010 and 2011 with the post-recession demand rebound, tightening stocks and low spare capacity. After reaching a peak of USD 122/barrel in March 2012, prices fell to USD 94/barrel in June 2012. Prices then fluctuated around the USD 105/barrel mark until April 2013, falling to USD 100/barrel in May and June 2013.

consequently oil prices are closely linked to economic cycles.

There is not one price for crude oil but many (see “Comparability” below for more details). World crude oil prices are established in relation to three market traded benchmarks (West Texas Intermediate [WTI], Brent [or North Sea], Dubai), and are often seen quoted at premiums or discounts to these prices.

Definition

Crude oil import prices come from the IEA’s Crude Oil Import Register. Information is collected from national agencies according to the type of crude, by geographic origin and by quality of crude. 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. The nominal crude oil spot price from 2003 to 2011 is for Dubai and from 1970 to 2002 for Arabian Light. These nominal spot prices are expressed in US dollars per barrel of oil. The real price was calculated using the deflator for GDP at market prices and rebased with reference year 1970 = 100.

Comparability

Average crude oil import prices depend on the quality of the crude oil imported. High quality crude oils such as UK Forties, Norwegian Oseberg and Venezuelan Light can be significantly more expensive than lower quality crude oils such as Canadian Heavy and Venezuelan Extra Heavy. High quality crudes command a higher premium because, amongst other factors, they are easier, being less corrosive, to transport and process, and produce higher yields of quality oil products. For any given country, the mix of crude oils imported each month will directly influence the average monthly price.

Sources

- IEA (2013), *Energy Prices and Taxes*, IEA, Paris.

Further information

Analytical publications

- IEA (2013), *Energy Policies of IEA Countries*, IEA, Paris.
- IEA (2013), *Medium-Term Gas Market Report*, IEA, Paris.
- IEA (2013), *Medium-Term Oil Market Report*, IEA, Paris.
- IEA (2013), *World Energy Outlook*, IEA, Paris.

Online databases

- IEA *Energy Prices and Taxes Statistics*.


Websites

- International Energy Agency, www.iea.org.
- Oil Market Report, www.oilmarketreport.org.

Crude oil import prices

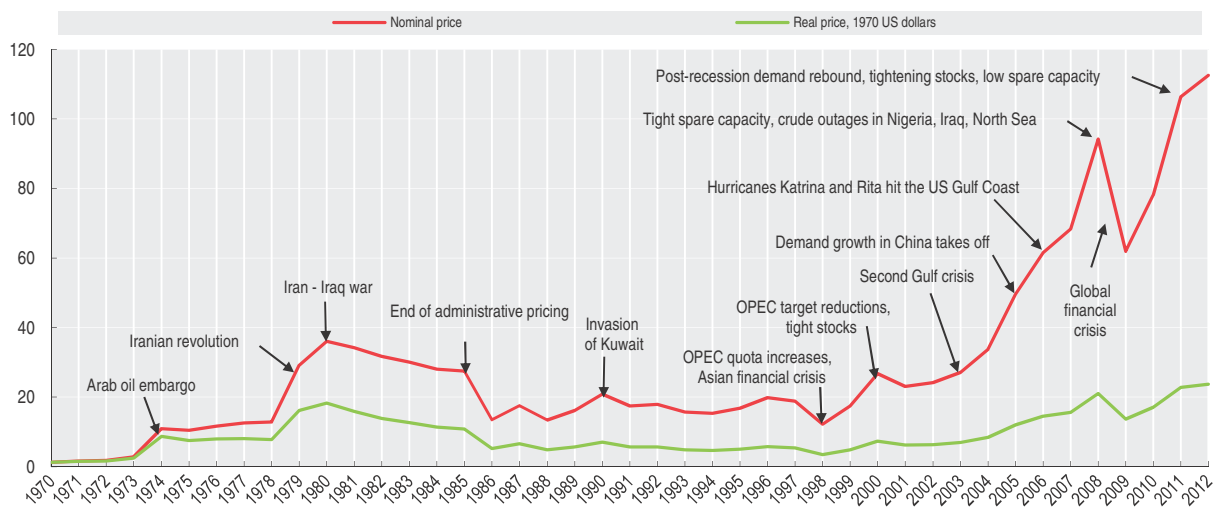
US dollars per barrel, average unit value, c.i.f.

	1976	1990	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Australia	..	24.21	25.80	31.24	40.93	56.71	66.71	77.13	107.83	63.40	82.60	115.66	117.78
Austria	12.85	24.58	24.64	29.59	38.21	53.15	64.44	71.86	103.05	60.69	80.00	110.92	112.50
Belgium	12.64	21.11	24.35	27.72	35.35	50.06	61.06	70.35	96.01	61.77	79.65	110.50	110.83
Canada	..	24.15	24.97	29.53	38.13	52.37	64.33	70.44	101.41	60.29	79.14	110.80	110.61
Chile	..	..	..	..	..	..	..	..	..	..	..	..	..
Czech Republic	..	..	23.37	28.13	34.82	51.28	62.05	68.54	97.71	60.77	79.04	110.42	112.33
Denmark	12.98	23.18	24.88	29.68	38.78	54.40	66.92	74.94	96.48	62.87	80.40	112.77	107.90
Estonia	..	..	..	..	..	..	..	..	..	..	..	..	..
Finland	..	..	24.51	27.72	36.09	51.12	63.37	70.48	94.79	61.01	79.10	109.23	110.47
France	..	..	24.63	28.87	37.61	52.74	63.69	72.22	97.63	61.64	79.78	111.78	112.01
Germany	13.27	23.17	24.40	28.44	36.65	52.30	63.29	71.60	96.70	61.18	78.49	110.63	112.21
Greece	12.13	22.42	24.08	27.17	34.53	50.33	60.97	69.93	93.60	60.10	78.97	109.41	111.92
Hungary	..	..	..	..	..	..	..	..	..	..	..	..	..
Iceland	..	..	..	..	..	..	..	..	..	..	..	..	..
Ireland	..	25.55	25.52	29.66	39.24	55.24	66.38	74.16	100.39	62.61	80.95	113.92	115.64
Israel	..	..	..	..	..	..	..	..	..	..	..	..	..
Italy	12.41	23.23	24.34	28.58	36.60	51.33	62.50	70.20	96.67	60.69	79.29	110.23	112.18
Japan	12.59	22.64	24.96	29.26	36.59	51.57	64.03	70.09	100.98	61.29	79.43	109.30	114.75
Korea	..	..	24.12	28.80	36.15	50.19	62.82	70.01	98.11	61.12	78.72	108.63	113.24
Luxembourg	..	..	..	..	..	..	..	..	..	..	..	..	..
Mexico	..	..	..	..	..	..	..	..	..	..	..	..	..
Netherlands	13.06	21.83	23.99	27.67	35.02	50.00	61.47	68.74	97.89	60.54	78.55	109.19	111.54
New Zealand	..	21.97	25.89	31.00	41.71	56.07	67.36	73.84	105.80	65.85	80.62	112.38	117.70
Norway	..	18.46	24.46	30.41	39.20	53.08	58.83	70.16	80.22	69.08	81.06	111.18	108.23
Poland	..	..	..	..	..	..	..	..	94.02	60.83	77.89	109.58	109.97
Portugal	12.14	22.75	24.27	28.72	37.89	51.94	62.77	70.23	98.83	62.49	79.13	112.33	112.21
Slovak Republic	..	..	..	..	..	..	..	69.97	90.49	59.37	78.72	108.90	109.83
Slovenia	..	..	..	..	..	..	..	..	..	..	..	..	..
Spain	12.54	21.88	23.95	28.13	36.03	50.54	60.99	68.66	94.86	59.78	77.84	108.50	109.48
Sweden	13.22	23.02	23.86	28.60	36.47	51.78	62.50	70.13	95.09	60.58	79.00	110.67	112.36
Switzerland	13.87	24.23	25.34	30.26	38.73	55.81	66.76	74.92	101.03	63.27	80.92	112.51	111.30
Turkey	..	23.11	23.57	27.05	34.90	50.65	61.48	68.59	98.07	61.27	78.26	109.81	111.70
United Kingdom	12.57	22.92	24.58	29.13	37.75	53.79	65.00	73.80	99.34	62.39	80.60	113.49	112.62
United States	13.48	21.07	23.52	27.66	35.86	48.82	59.17	66.77	94.97	58.83	76.02	102.43	101.16
EU 28	..	..	..	..	..	..	..	..	..	..	..	..	..
OECD	..	..	..	..	..	..	..	..	..	..	..	..	..
Brazil	..	..	..	..	..	..	..	..	..	..	..	..	..
China	..	..	..	..	..	..	..	..	..	..	..	..	..
India	..	..	..	..	..	..	..	..	..	..	..	..	..
Indonesia	..	..	..	..	..	..	..	..	..	..	..	..	..
Russian Federation	..	..	..	..	..	..	..	..	..	..	..	..	..
South Africa	..	..	..	..	..	..	..	..	..	..	..	..	..

StatLink  <http://dx.doi.org/10.1787/888933028140>

Crude oil spot prices

US dollars per barrel

StatLink  <http://dx.doi.org/10.1787/888933025575>



From:
OECD Factbook 2014
Economic, Environmental and Social Statistics

Access the complete publication at:
<https://doi.org/10.1787/factbook-2014-en>

Please cite this chapter as:

OECD (2014), "Oil prices", in *OECD Factbook 2014: Economic, Environmental and Social Statistics*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/factbook-2014-48-en>

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