

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(78) 416 final

Brussels, 8 September 1978

REPORT

by the Commission to the Parliament and to the Council upon
the application of Council Directive of 4th May 1976 regarding
a Community procedure for information and consultation on the
prices of crude oil and petroleum products in the Community

COM(78) 416 final.

EXPLANATORY MEMORANDUM

1. The Council of the European Communities adopted on 4th May 1976 Directive (EEC) No. 76/491 regarding a Community procedure for information and consultation on the prices of crude oil and petroleum products in the Community. Within the limits fixed by the Directive, the Commission adopted implementing procedures and the member states put into practice the legislative regulatory and administrative measures necessary to comply with the Directive from 1st January 1977.

2. In accordance with Article 9 of this Directive the Commission must present to the Parliament and to the Council for each of the three first years following 1st January 1977, a report upon the results of implementing the Directive.

The attached report by the Commission concerns the results obtained for the first year of application of the Directive.

Analysis of the trend in crude oil and petroleum product
prices in the Community in 1977

Article 9 of the Council Directive No. 76/491/EEC of 4 May 1976 stipulates that the Commission shall submit to the Council and to the European Parliament a report on the results of the implementation of this Directive.

Analysis of the trend in crude oil and petroleum product
prices in the Community in 1977¹

1. Council Directive No. 76/491/EEC introduced, with effect from 1 January 1977, a Community procedure for information and consultation on the prices of crude oil and petroleum products in the Community.

This information is communicated quarterly to the Member States by the Commission on the basis of information supplied to them by individual undertakings.

The information relates to:

- fob and cif prices of imported crude and petroleum products;
- consumer prices for each of the principal petroleum products, both net of and inclusive of duty and tax;
- the estimated average ex-refinery returns i.e., the revenue obtained by companies from the sale of products, less distribution costs.

The Directive stipulates that the information must cover at least 85% of the total quantity of imported crude oil, 75% of imported petroleum products and 70% of products disposed of on the domestic market. The information obtained thus reflects an average situation representative of the key activities on the Community oil market.

2. This report analyses the consolidated information for 1977, collected pursuant to this Directive, on the prices of crude oil and petroleum products, consumer prices and their trends from one quarter to another.

I. Crude oil prices

3. In December 1976 in Doha, the OPEC oil-producing states decided to increase by some 5% the price of crude oil from Saudi Arabia and the Arab Emirates, with effect from 1 January 1977; oil from other producing countries would rise in price by 10%.

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(1) Information obtained pursuant to the Council Directive No 76/491/EEC of 4 May 1976 - OJ L 140 of 28.5.1976, p. 4.

The data concerning consumer prices correspond to the average prices prevailing in each Member State. These data may differ from those collected and published by the Statistical Office of the European Communities which relate to particular zones and definition.

In July 1977 in Stockholm, Saudi Arabia and the Arab Emirates increased the price of their crude oil by 5% whereas a number of African countries (Libya, Algeria, Nigeria) increased their prices by between 2% and 2.20%. These new increases came into force on 1 July 1977.

4. As a result of these increases the average dollar fob price of crude imported by the Community increased gradually during the year, the price in the last quarter being more than 5% up on that of the first quarter and more than 10% up on the average price for the end of 1976. In view of the dollar exchange rate fluctuation during the year in relation to Community currencies, the increases, when expressed in national currencies, were lower. (see Section IV).
5. Apart from certain grades of crude from Libya and Algeria which were affected by the surplus availability of light crude, the fob prices of the various grades of crude were in line with the market prices set by the producing countries. Similarly there was little variation in the supply costs of the various Community countries. Annex 1 illustrates this trend for each of the main types of imported crude.

II. Price of imported petroleum products

6. Generally speaking, average import prices, in real terms, of petroleum products were affected by the weak demand situation. The price differences between the Member States are insignificant and are attributable to the differences in specification on particular markets, i.e. different sulphur and lead content, varying viscosity etc. Annex 2 illustrates the trends recorded.

III. Consumer prices of petroleum products

7. Annexes 3 and 4 show the trend in consumer prices expressed in national currencies, both net of and inclusive of duty and tax.

- consumer prices, inclusive of duty and tax

The level of excise duty varies markedly from one country to another, especially on automotive fuels. VAT is generally charged at the normal rate; it has not been taken into account for fuel oil used by industry however since it can be claimed back.

The levels of duty and tax did not vary significantly during the year, except in Denmark where they were increased on automotive and heating fuels.

- consumer prices net of duty and tax

Consumer prices were generally remarkably stable in 1977.

As a result, consumers were scarcely affected by the increases in crude oil prices thanks to adjustments in currency parities with the dollar and also to the keen competition on the market.

IV. Cost and revenue trends on the domestic market

8. Tables 1 and 2 and the annexed graph show the trend in the purchasing costs of crude oil and ex-refinery returns in each Member State for each quarter of 1977.
9. Supply costs cover imported crude and crude produced in the Community. In order to take account of exchange rate fluctuations, the indices are based on costs expressed in national currencies. The figures for the Community as a whole correspond to the weighted average of the national figures.
10. Overall ex-refinery revenue, as defined in the Council Directive, relates to the domestic consumption of petroleum products, excluding exports and ships' bunkers.

Since the pattern of consumption varied during the year (higher consumption of automotive fuels in summer and of heating fuels in winter) a seasonally-adjusted index was calculated based on an average consumption pattern for the four quarters.

TABLE 1 - Cost trends of crude oil (basis: 1st quarter 1977 = 100)
(Indices calculated on the basis of the values expressed in national currencies)

	<u>2nd quarter</u>	<u>3rd quarter</u>	<u>4th quarter</u>
Belgium ¹	104,12	103,42	102,46
Denmark	105,75	104,97	107,59
Germany	99,67	98,47	96,73
France	101,97	102,42	102,85
Ireland	101,27	101,83	98,58
Italy	102,34	103,67	104,20
Netherlands	102,14	101,98	99,74
United Kingdom	103	102,57	98,71
EEC	101,79	101,73	100,94

¹ Excluded from the EEC average for purposes of comparison.

TABLE 2 - Trends in ex-refinery returns (basis: 1 quarter 1977 = 100)
(Indices calculated on the basis of the values expressed in national currencies)

	<u>2nd quarter</u>	<u>3rd quarter</u>	<u>4th quarter</u>
Belgium	..	..	..
Denmark	101,40	105,51	106,68
Germany	98,84	96,03	98,79
France ¹	102,53	102,68	105,06
Ireland	107,23	109,82	102,33
Italy	99,85	100,14	98,34
Netherlands	103,50	99,55	99,23
United Kingdom	102,45	100,09	96,52
EEC	101,12	99,54	100,33

¹ As far as consumer price levels are concerned, the choice of the first quarter of 1977 as the reference basis creates a certain degree of initial distortion between the Member States. In the case of France, for example, a ceiling was placed on prices for half of the first quarter whereas the markets in other countries registered increases from the end of 1976 onwards.

11. The following conclusions may be drawn from this comparative analysis :

- taken overall, costs increased marginally from the first to the fourth quarter (+ 0.94%) when adjusted for a dollar depreciation;
- although revenue fell sharply in the first quarter, it picked up again at the end of the year (+0.33%); this was still less than the increase recorded for costs;
- the gain on exchange rates in respect of crude oil which was particularly marked in the fourth quarter partly offset the fall in revenue which began in the third quarter. This partial recovery in proceeds in relation to supply cost is not however sufficient to compensate for the deficit on the activities of refining and distribution which persisted throughout 1977.

This overall view covers situations which obviously differ from one Member State to another, depending on the relative strength of their currencies, their internal economic situation and the competitive structure of the markets.

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Prix F.O.B. moyens des bruts les plus caractéristiques de
l'approvisionnement de la CEE. En \$/baril

	Prix F.O.B. Moyens C.E.E.			
	1e T. '77	2e T. '77	3e T. '77	4e T. '77
- Arabian Light, 34°	11,69	12,04	12,36	12,65
- Arabian Heavy, 27°	11,18	11,34	11,60	11,95
- Iranian Light, 34°	12,17	12,63	12,72	12,72
- Iranian Heavy, 31°	11,98	13,37	12,39	12,35
- Irak-Basrah, 35°	11,86	12,42	12,43	12,42
- Kuwait, 31°	11,70	12,16	12,28	12,23
- Libya, 40°	13,38	13,56	13,80	13,70
- Nigéria, 34°	13,87	14,28	14,32	14,23
- Venezuelan Heavy, 17°	11,02	11,40	11,49	11,83
- Autres bruts	12,24	12,41	12,50	12,71
TOTAL	12,23	12,55	12,73	12,85

PRIX MOYENS DES PRODUITS PETROLIERS IMPORTES
EN \$ PAR TONNE METRIQUE

	Es. Super	Es. Normale	Gasoil	F.L.% S > 1%	F.L.% S ≤ 1%
- Belgique					
1er Trimestre	144,10	133,55	118,43	79,16	85,57
2e Trimestre	148,22	137,12	121,53	76,46	86,07
3e Trimestre	141,88	133,04	119,40	84,39	78,42
4e Trimestre	140,97	132,77	120,23	82,32	91,99
- Danemark					
1er Trimestre	147,48	139,22	116,90	82,20	-
2e Trimestre	151,87	142,50	121,98	76,89	90,01
3e Trimestre	145,59	137,99	122,44	78,46	89,35
4e Trimestre	145,45	138,09	123,16	82,73	87,55
- Allemagne					
1er Trimestre	146,64	134,21	117,98	83,50	85,12
2e Trimestre	150,31	136,42	120,00	84,02	84,60
3e Trimestre	144,99	134,28	120,14	83,81	84,68
4e Trimestre	140,23	129,34	120,49	87,21	87,69
- France					
1er Trimestre	150,20	131,40	116,00	84,40	-
2e Trimestre	142,90	135,30	118,50	76,90	-
3e Trimestre	140,44	135,63	117,66	78,64	-
4e Trimestre	137,00	-	120,00	79,80	-
- Irlande					
1er Trimestre	147,71	138,88	118,80	81,24	84,13
2e Trimestre	152,83	139,76	122,19	77,97	77,21
3e Trimestre	147,81	136,17	123,79	80,38	78,68
4e Trimestre	144,51	137,51	124,12	81,02	84,18
- Italie					
1er Trimestre	156,64	-	111,93	83,65	94,97
2e Trimestre	143,27	-	115,58	76,53	87,38
3e Trimestre	137,44	-	118,75	79,73	86,16
4e Trimestre	133,09	-	117,64	80,57	86,90
- Pays-Bas					
1er Trimestre	145,33	-	111,12	79,56	96,38
2e Trimestre	151,95	-	110,83	74,17	-
3e Trimestre	-	-	118,47	77,01	-
4e Trimestre	137,86	129,00	116,50	-	84,69
- Royaume-Uni					
1er Trimestre	149,20	146,10	117,80	80,30	-
2e Trimestre	147,80	134,70	121,80	74,30	-
3e Trimestre	149,60	142,60	118,20	79,00	87,10
4e Trimestre	142,40	135,30	116,82	81,99	-

PRIX DES PRODUITS PETROLIERS - PRIX PRATIQUES AUX CONSOMMATEURS
DROITS ET TAXES INCLUS - EN MONNAIES NATIONALES

	Carburants par 1000 L.			Combustibles			
	Es. Super	Es. Normale	Gasoil	Domestiques par 1000 L.		Industriels T.M.	
				Gasoil	F. Léger	Kérosène	F. Lourd H.T.S.
- Belgique (FB)							
15 janvier 77	14.882	14.520	9.461	5.026	4.988	-	3.254
15 avril 77	16.073	15.580	9.397	5.015	4.977	-	3.071
15 juillet 77	15.897	15.475	9.400	4.893	4.837	-	2.949
15 octobre 77	15.540	15.050	8.720	4.920	4.860	-	3.160
- Danemark (Kr)							
15 janvier 77	2.670	2.610	1.050	850			543
15 avril 77	2.540	2.480	1.080	880			563
15 juillet 77	2.560	2.490	1.120	920			573
15 octobre 77	2.760	2.690	1.240	1.040			668
- Allemagne (DM)							
15 janvier 77	912,10	860,20	883,70		305,40		228,22
15 avril 77	912,80	865,60	884,10		310,36		224,74
15 juillet 77	905,40	860,80	882,70		303,59		211,90
15 octobre 77	907,10	856,40	882,20		303,92		219,81
- France (FF)							
15 janvier 77	2.250	2.090	1.340	729,10			374,80
15 avril 77	2.310	2.140	1.390	777,34			399,80
15 juillet 77	2.370	2.190	1.430	776,16			388,20
15 octobre 77	2.370	2.190	1.430	803,33			414,70
- Irlande (L)							
15 janvier 77	-	-	-	-	-	-	-
15 avril 77	209,61	203,52	142,29	81,90	74,30		68,50
15 juillet 77	207,21	202,81	-	85,23	-	88,34	71,30
15 octobre 77	207,21	202,81	148,73	85,30		88,40	71,20
- Italie (Lires)							
15 janvier 77	500.000	480.000	150.000	120.600	101.700		72.750
15 avril 77	500.000	480.000	155.000	132.800	110.400		79.167
15 juillet 77	500.000	480.000	155.000	137.115	111.817		76.025
15 octobre 77	500.000	480.000	155.000	137.506	112.460		74.468
- Pays-Bas (Fl)							
15 janvier 77	1.096	1.060	563	342,20			230,15
15 avril 77	1.086	1.060	574	353,60			232,65
15 juillet 77	1.086	1.060	574	353,60			223,75
15 octobre 77	1.076	1.052	574	355,68			227,06
- Royaume-Uni (L)							
15 janvier 77	174,90	170,50	171,60	79,30		81,50	56,20
15 avril 77	185,20	180,60	183,50	82,50		82,60	57,80
15 juillet 77	183,50	179,10	187,20	86,10		85,50	58,00
15 octobre 77	169,20	165,20	185,00	85,20		84,70	56,10

PRIX DES PRODUITS PÉTROLIERS - PRIX PRATIQUES AUX CONSOMMATEURS - ANNEXE 4

DROITS ET TAXES EXCLUS. EN MONNAIES NATIONALES

	Carburants par 1000 L.			Combustibles			
	Es. Super	Es. Normale	Gasoil	Domestiques par 1000 L.			Ind.p.T.M. F.Lourds H.T.S.
				G. oil	F. Léger	Kérosène	
- Belgique (FB)							
15 janvier 77	6.342	6.000	5.501	4.291	4.256		3.154
15 avril 77	6.500	6.074	5.437	4.280	4.245		2.971
15 juillet 77	6.345	5.975	5.446	4.166	4.114		2.849
15 octobre 77	6.030	5.600	4.850	4.190	4.140		3.060
- Danemark (Kr)							
15 janvier 77	1.093,04	1.040,87	878,24	703,03			518
15 avril 77	980	927,82	904,33	730,42			538
15 juillet 77	997,39	936,52	939,11	765,20			548
15 octobre 77	1.010,28	950,96	955,45	785,96			563
- Allemagne (DM)							
15 janvier 77	381,70	335,00	378,90		266,70		213,28
15 avril 77	382,34	339,82	379,29		271,20		209,74
15 juillet 77	375,68	335,50	378,23		265,10		196,90
15 octobre 77	377,21	331,53	377,77		265,40		204,81
- France (FF)							
15 janvier 77	903,30	821,90	673,90	599			374
15 avril 77	954,30	864,40	716,40	640			399
15 juillet 77	954,30	864,40	716,40	639			387,40
15 octobre 77	954,20	864,30	716,30	661			413,90
- Irlande (f)							
15 janvier 77	..	..	..	..	..	..	..
15 avril 77	95,07	91,16	90,36	77,5	69,9		64,10
15 juillet 77	92,87	88,87		80,83		83,94	66,73
15 octobre 77	92,87	88,87	109,76	80,90		84	66,62
- Italie (Lires)							
15 janvier 77	142.290	133.490	108.970	101.855	87.584		71.950
15 avril 77	143.930	134.320	110.970	101.515	91.322		78.367
15 juillet 77	143.930	134.320	110.970	101.972	91.369		75.025
15 octobre 77	143.930	134.320	110.970	102.315	91.933		73.468
- Pays-Bas (fl)							
15 janvier 77	440,21	409,71	354,95	295,34			215,07
15 avril 77	431,74	409,71	365,52	306,30			217,57
15 juillet 77	431,74	409,71	365,52	306,30			208,67
15 octobre 77	423,26	402,93	365,52	308,30			211,98
- Royaume-Uni (f)							
15 janvier 77	89,5	85,6	92,9	77,1		79,3	53,9
15 avril 77	87,5	83,6	92,8	77		80,4	52,1
15 juillet 77	86,0	82,3	96,3	80,6		83,3	52,3
15 octobre 77	84,5	80,9	94,4	79,7		82,5	50,4

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Entwicklung der Rohölpreisindexe(fob) 1. Vierteljahr 1977= 100

Evolution des indices des prix moyens(fob) du pétrole brut - 1er. trimestre 1977= 100

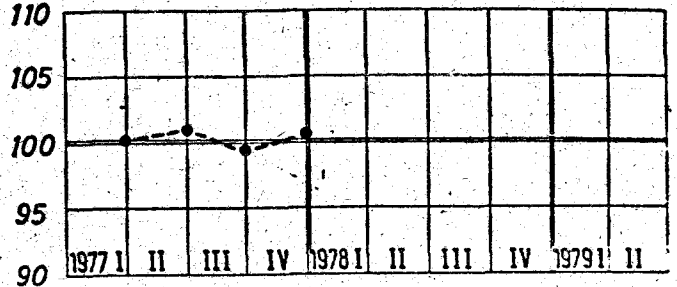
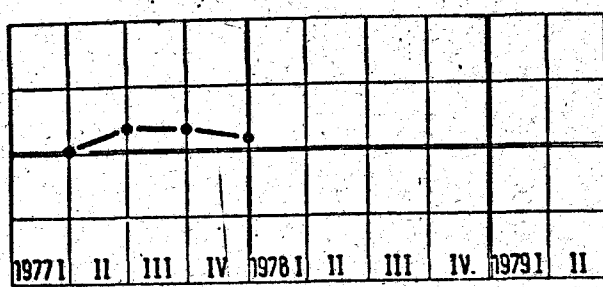
Evolution of indices of average(fob)prices of crude oil (1st quarter 1977=100)

Entwicklung der Netback-(Nettoerlös ab Raffinerie)-Indexe 1. Vierteljahr 1977=100

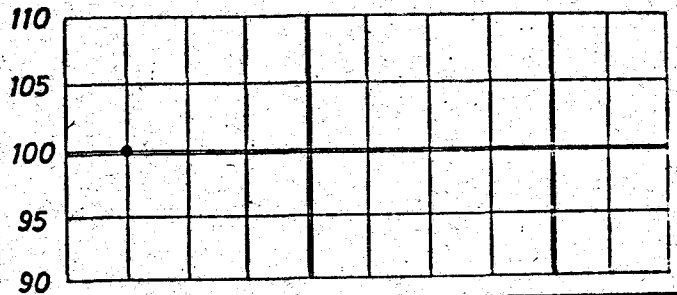
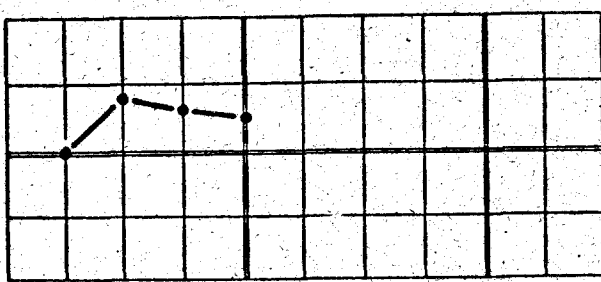
Evolution des indices de la valorisation globale ex-raffinerie - 1er. trimestre 1977= 100

Evolution of indices of overall ex-refinery netbacks (1st quarter 1977=100)

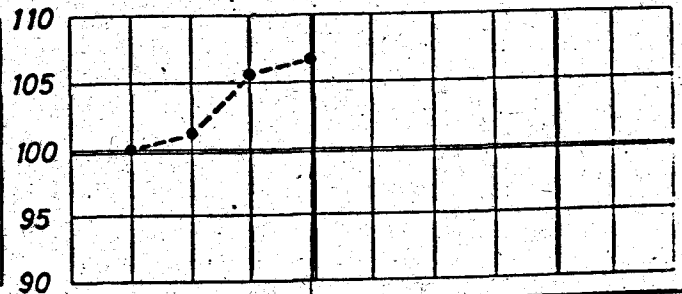
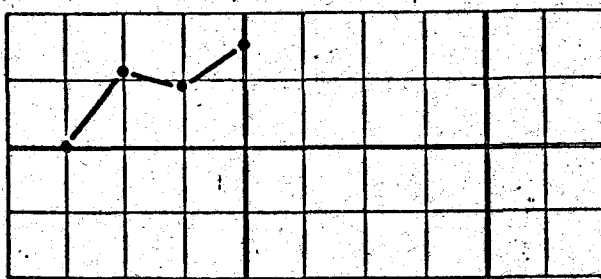
EUROPEAN COMMUNITY - COMMUNAUTE EUROPEENNE



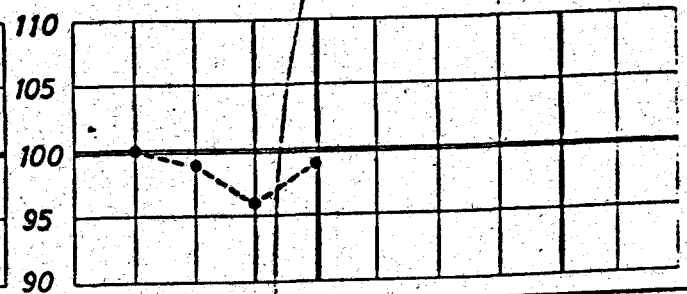
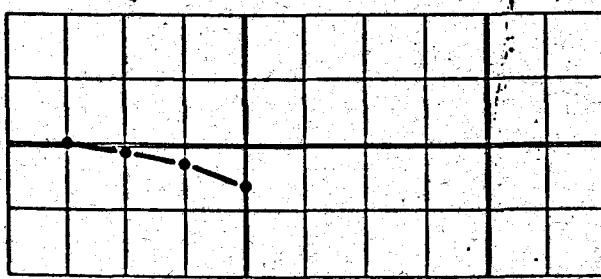
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DANMARK

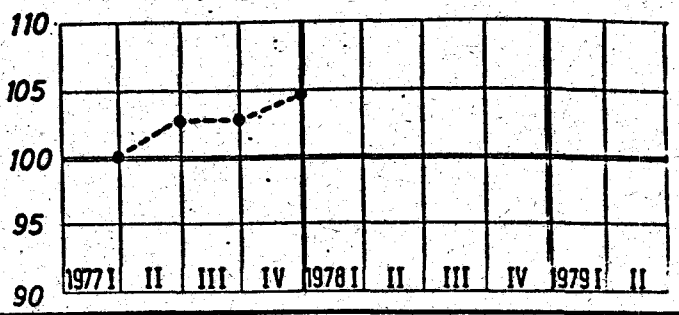
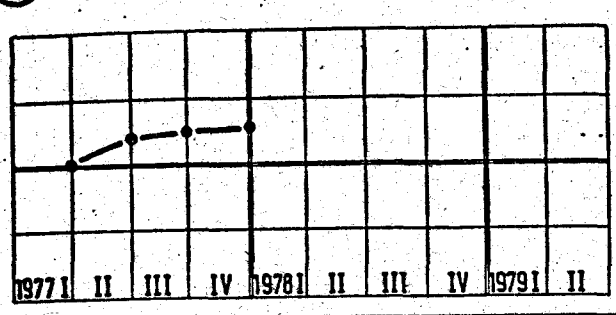


B.R. DEUTSCHLAND

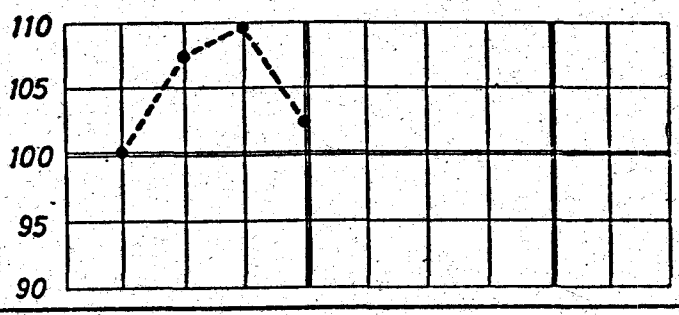
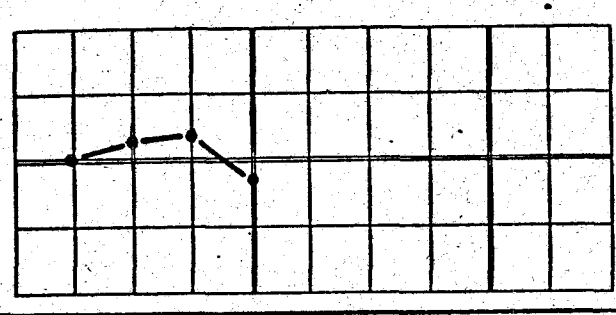


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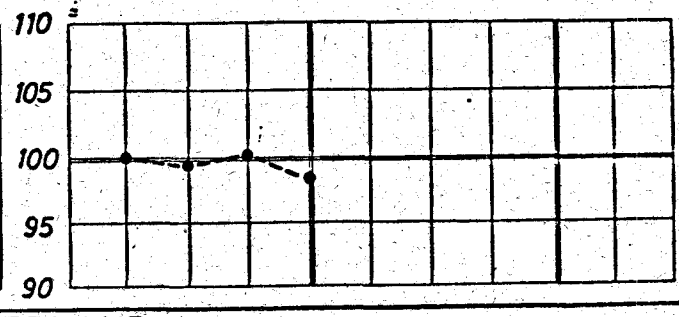
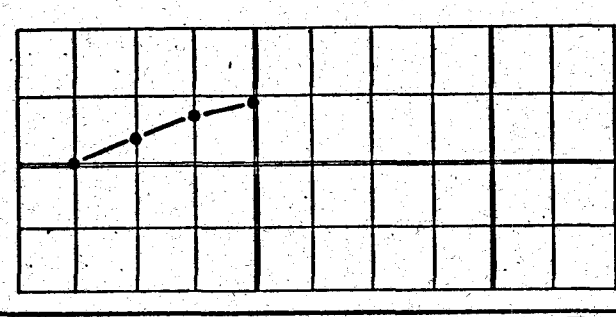
FRANCE



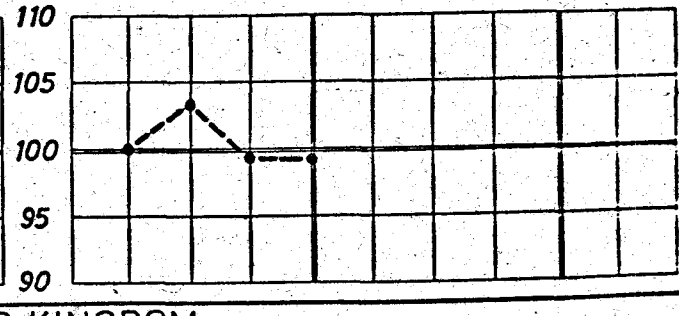
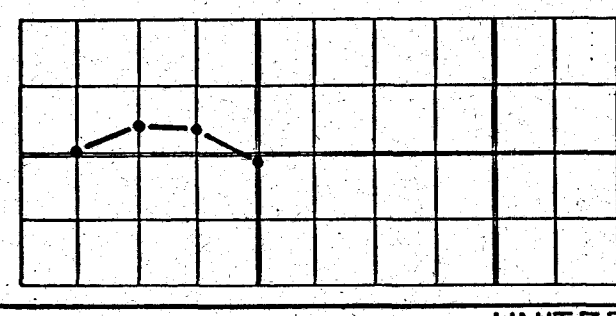
IRELAND



ITALIA



NEDERLAND



UNITED KINGDOM

