Oil & Gas taxation in Europe brings around €420bn in government revenue

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The taxation of oil & gas products in the EU28 + Norway contributed around €420bn to government revenues in 2015, far more than coal, wind, solar together. This is equivalent to 2.7% of the EU GDP the same year.

These are the findings of a report prepared by NERA Economic Consulting for the International Association of Oil & Gas Producers (IOGP), looking at the taxation and subsidy regimes applying to oil, gas, coal, wind and solar power in the EU28 + Norway.

The report does not selectively choose subjective revenue benchmarks but rather accounts for all material sources of revenue raised from various energy sources, i.e. taxes, duties, licensing fees, royalties. The same is applied to government expenditure (direct capital grants, consumption support payments, production subsidies, feed-in tariffs, certificates, etc.).

The net contribution or cost of each energy source amounts to €337bn for oil, €76bn for gas, €34bn for coal, €-2bn for wind and €-22bn for solar power. Government support to oil & gas totaled €3.3bn

“The numbers speak for themselves: oil & gas have been a sizeable and stable stream of revenue for governments for decades – we need to keep this in mind as we evaluate the long-term role of energy sources in Europe” said IOGP EU Affairs Director François-Régis Mouton.

The exploration & production segment alone accounted for €37bn in revenues. The bulk of the industry’s contribution came from the downstream segment, with €315bn in revenue from taxation of gasoline and diesel.

“We feel it is important to rebalance the discussion. The financial contribution of oil & gas to government revenues risks being overlooked, when looking at public support to our industry using subjective benchmarks. We hope this will help set the record straight.” François-Régis added.

The Factsheet with key findings can be accessed here.

The full Report can be accessed here.
About IOGP

The International Association of Oil & Gas Producers (IOGP) is the voice of the global upstream industry. Oil and gas continue to provide a significant proportion of the world’s energy to meet growing demands for heat, light and transport.

Our Members produce 40% of the world’s oil and gas. They operate in all producing regions: The Americas, Africa, Europe, the Middle East, the Caspian, Asia and Australia.

We serve industry regulators as a global partner for improving safety, environmental and social performance. We also act as a uniquely upstream forum in which our members identify and share knowledge and good practices to achieve improvements in health, safety, the environment, security, efficiency, and social responsibility.