

# The Crisis Profiteers

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## How the oil industry has raked in record profits at the petrol pump since Russia's invasion of Ukraine

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## Key Findings

- The oil industry has made record **'crisis profits'**<sup>1</sup> of at least **€3 billion in the EU** from diesel and petrol sales since Russia's invasion of Ukraine.<sup>2</sup>
- Extrapolated to the entire month of March, the oil industry has made on average an **extra €107 million a day in revenues** from diesel and petrol<sup>3</sup> sales in the EU, amounting to a total of **€3.3 billion in extra revenues**.
- While consumers were hit by unprecedented fuel price hikes across the EU, the oil industry made **daily extra revenues** from the **sales of diesel amounting to €94 million**, and from the sales of **petrol amounting to €13 million**.
- Across the EU, the oil industry has made **extra daily revenues** from record petrol and diesel sales at an average of:
  - **€38.2 million in Germany**  
(from diesel sales: €30.6 million; from petrol sales: €7.6 million)
  - **€13.3 million in France**  
(from diesel sales: €13 million; from petrol sales: €0.3 million)
  - **€7.6 million in Spain**  
(from diesel sales: €7 million; from petrol sales: €0.6 million)
  - **€4.3 million in Austria**  
(from diesel sales: €3.7 million; from petrol sales: €0.6 million)
  - **€12.5 million in Italy**  
(from diesel sales: €10.4 million; from petrol sales: €2.1 million)
  - **€2.2 million in Belgium**  
(from diesel sales: €2.1 million; from petrol sales: 0.1 million)
  - **€4.3 million in the Netherlands**  
(from diesel sales: €3.5 million; from petrol sales: €0.8 million)
  - **€4.6 million in Scandinavia (Sweden, Finland, Denmark)**

<sup>1</sup> The approaches above capture the extra revenues of the oil industry from the sale of diesel and petrol fuels. They are not synonymous with extra pre-tax profits (Ebitda). However, there is a strong correlation between the two as long as costs have remained more or less the same. Rising costs for refineries - driven by sky-high natural gas prices - have to be levelled against other trends that have been working in favour of refinery margins, such as the currently high discounts on Urals Crude (up to 30%), the most important individual crude stream in the EU, or the favourable market situation for integrated oil companies who produce and trade natural gas themselves. Higher natural gas prices in this integrated business environment do not change the bottom line. It can be assumed that extra revenues will translate into higher pre-tax profits (Ebitda) of similar size, although not exactly in a 1:1 ratio. For a more detailed explanation of the assumed relation between revenues and profits see the full [report](#) (chapter 2d, page 12)

<sup>2</sup> The study uses an average of Brent Spot prices in January and March compared to weekly EU filling station prices as provided by the EU Oil Bulletin between March 7 and March 28 2022. The overall estimate of the additional revenue margins achieved thus gives a solid approximation of the windfall revenues that have been realised since the start of the war in Ukraine on February 24th. Assuming no major changes in other costs (see note 1 or chapter 2d of the full [report](#)), it is also a good proxy for rising pretax profits.

<sup>3</sup> Refinery products from the gasoline/petrol value chain are referred to as gasoline whereas the final product sold at filling stations is referred to as petrol in European English. The terms are used accordingly in this document.

(from diesel sales: €4.5 million; from petrol sales: €0.1 million)

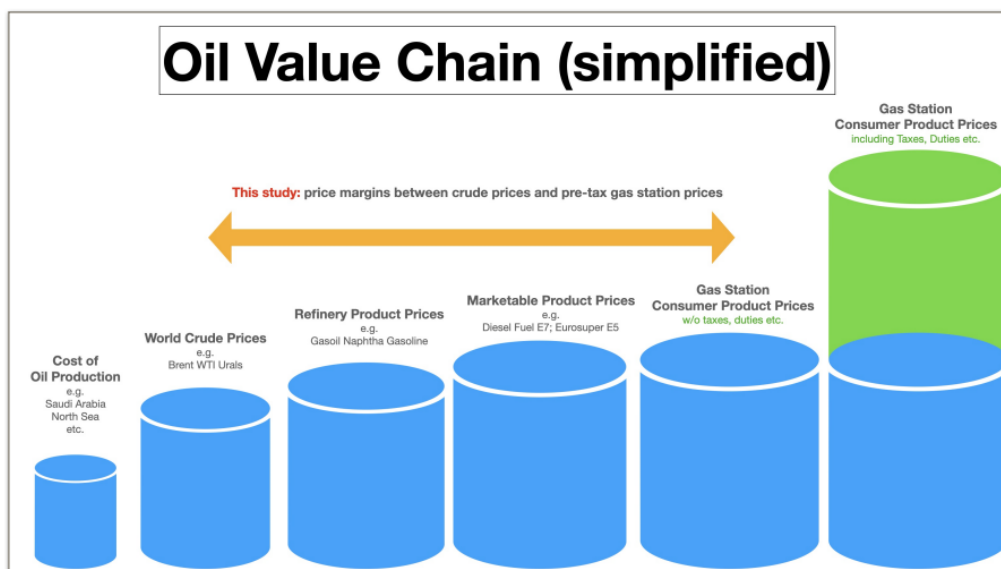
- Across Europe, extrapolated to the **entire month of March**, the oil industry has made **extra revenues** from record petrol and diesel sales at an average of
  - €1.18 billion **in Germany**
  - €412.3 million **in France**
  - €235.6 million **in Spain**
  - €133.3 million **in Austria**
  - €387.5 million **in Italy**
  - €68.2 million **in Belgium**
  - €133.3 million **in the Netherlands**
  - €142.6 million **in Scandinavia (Sweden, Finland, Denmark)**
  
- Across the EU **significant regional differences** in the extra revenues in March and per day can be seen, depending on the **purchasing power** of customers and the **competitive situation** in the market.
  - **Gasoline/petrol** margins increased above all in **Germany, Austria and Italy**.
  - **Diesel** margins increased significantly more in all countries compared to gasoline/petrol. Germany is in the top spot followed by Austria, the Netherlands and France.
  - **German customers have paid just under 36% of the total EU wide extra revenue (€107 million/day) from the sale of diesel and petrol.**
  
- **Revenue margins, especially for diesel sold at filling stations increased significantly** in the EU between January and March 2022: The biggest increase is in Germany, at 28.3 ct/l, followed by Austria (19 ct/l), the Netherlands (18,9 ct/l), Italy (17 ct/l), and France (15 ct/litre).

Find the **full analysis** [here](#).

## About the analysis

Greenpeace Central Eastern Europe has commissioned an analysis from the research institute [EnergyComment](#), led by energy expert Dr Steffen Bukold, to examine the extra revenues and windfall/crisis profits made by the oil industry in Europe from the sale of petrol and diesel since Russia's invasion of Ukraine.

The study focuses on analysing the rapidly growing margins between international crude oil prices and European filling station prices excluding taxes and duties (see chart below). The study examines the development of margins along the entire supply chain, from the entry of crude oil into the European market to the sale of diesel and petrol to end customers in Europe, as shown in the following graph.



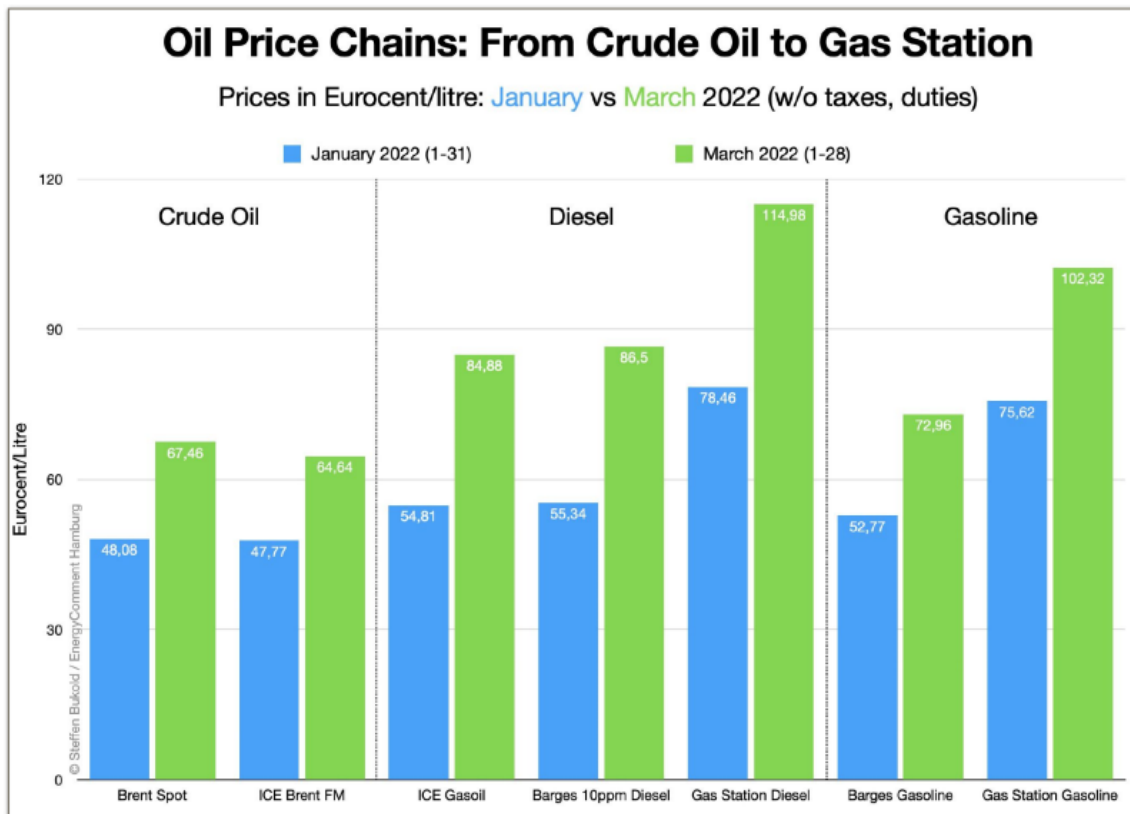
## Steps of the analysis in detail

The study analyses the extent of windfall profits of the oil industry in Europe based on the development of revenue margins along its supply chain in three stages:

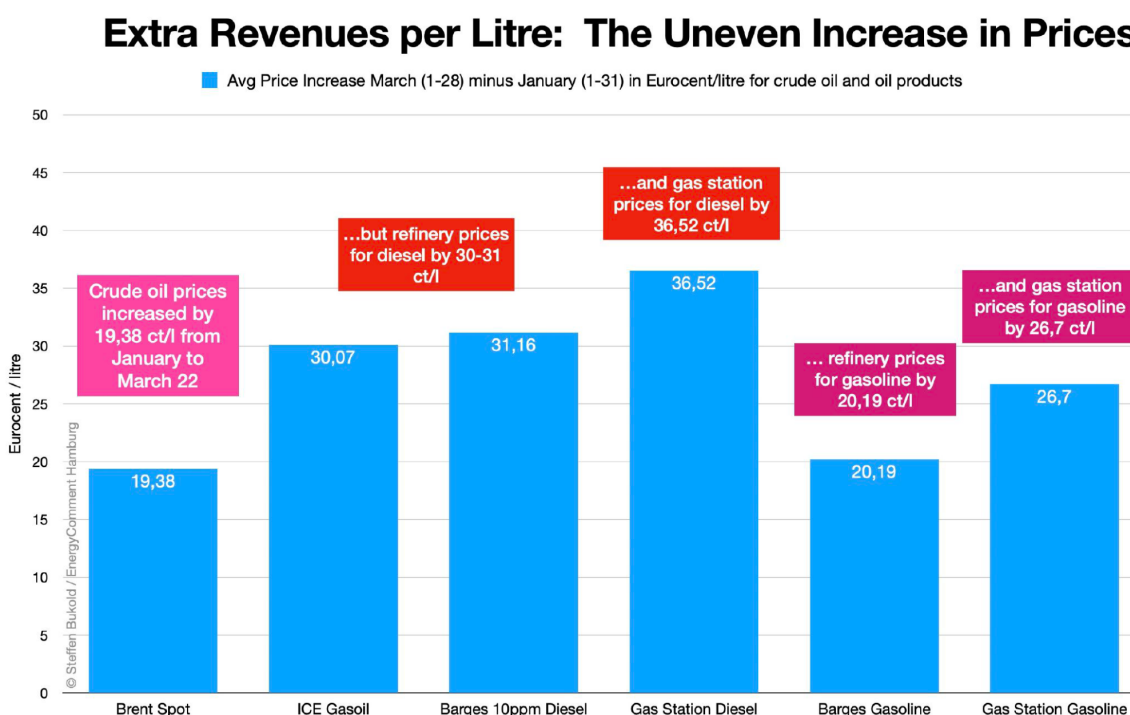
**Step 1)** An analysis of EU-wide average prices for January and March (1-28) along the oil value chain, provides the basis for the calculations. The diagram below shows EU-wide average prices for January and March (1-28) along the oil value chain. There are average prices for crude oil (Brent Spot, ICE Brent), refinery products (ICE gasoil, diesel barges, gasoline barges) and for prices at gas stations, excluding taxes and duties.

The calculation of revenue margins is based on average prices for crude oil and the prices at filling stations which reflect European averages. The barge prices refer to refinery products loaded on barges in the Rotterdam Region. They reflect the price level in the European regions where the majority of oil products are consumed - Germany, France and Benelux - and provide a deeper understanding of how revenue margins are distributed along the supply chain in this central hub for European oil consumption and oil price building.

The graph below shows that all prices have increased over the past two months, as expected. But have they risen evenly? This will be answered in step 2 of the analysis.



**Step 2)** The price increases for the three stages of crude oil, refinery (in the EU's main regions for oil consumption) and distribution (filling stations) are compared. The analysis shows that prices have not increased evenly and that increases in the refinery and distribution sectors in particular are growing disproportionately compared to the lesser increases in the price of crude oil, as shown in the graph below.



While the price of crude oil rose by around 19 cents per litre, the oil industry applied comparatively much higher surcharges along the supply chain.

The surcharges were particularly sharp in the diesel sector, with refinery products for diesel in the Rotterdam area, the EU's main consumption area, costing around 30 cents per litre more than crude oil. Filling station prices for diesel also rose on average by over 36cents per litre between January and March. This is a clear indication that refinery gross margins for diesel have increased significantly.

The gasoline/petrol value chain shows a similar, albeit weaker, trend, with not much difference between the increases in crude oil prices and refined product prices. Margins for refined gasoline products are expected to be almost unchanged. Surprisingly, however, filling station prices for petrol have increased much more than refined product prices (26.7 ct/l versus 20.19 ct/l). Apparently, the margins in the petrol distribution system have increased significantly.

**Step 3)** As EU filling station prices (excluding taxes and duties) rose much faster than crude oil import prices, the downstream revenues of the oil industry surged. The total extra revenues from the sale of diesel and petrol at EU filling stations have been calculated by multiplying the extra revenue per litre by sales volumes in the EU (for details on methodology see full [report](#)). The estimate uses monthly average prices for Brent Spot prices in January and March. We have compared these averages to weekly EU filling station prices as provided by the [EU Oil Bulletin](#).

**Using these numbers, the average daily extra revenues from the sale of diesel amount to €94 million, with €13 million from the sale of petrol. The daily total is €107 million.**

**Extrapolated to the entire month of March, the extra revenues of the oil industry amount to about €3.3 billion.**

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## Revenues vs. Profits

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The approaches above capture the extra revenues of the oil industry from the sale of diesel and petrol fuels. They are not synonymous with extra pre-tax profits (Ebitda). So how can we assume that the industry produced taxable profits on the same scale, when production costs have also been rising due to the rising costs of energy used in the production process?

The revenues discussed in this study do not translate into higher pre-tax profits in a 1:1 ratio, however, it can be assumed that they will translate into profits of a similar size. A strong correlation between the two can be assumed as long as costs have remained more or less the same.

Rising costs for refineries - driven by sky-high natural gas prices - help the industry create the illusion that their profits will be much smaller than their revenues. However, these rising costs have to be levelled against other trends that have been working in favour of refinery margins, such as the currently high discounts on Urals Crude (up to 30%), the most important individual crude stream in the EU. Also, natural gas prices had already risen sharply before January, so the increase from January-March 2022 has to be seen in this context. In addition, the favourable market situation for integrated oil companies which produce and trade natural gas themselves offsets some of the rising costs. Higher natural gas prices in this integrated business environment do not change the bottom line on costs.

## Background facts on oil and transport

- **Oil is still the most important energy source in the world today.** [Around 100 million barrels](#) are consumed every day. That is the equivalent of 1157 barrels per second, or two supertankers per hour.
- Almost [70% of all oil in the EU is used for transport](#).<sup>4</sup> With **Russia** as the [single largest supplier of oil \(27%\)](#) to the EU, around **one in four cars, planes, and trucks in the EU are powered by Russian oil**.
- Oil exports make up **Russia's [biggest source of income](#)**. Money that now helps to fuel its aggression towards Ukraine.

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<sup>4</sup> Since the oil consumption volumes in the agricultural/forestry sector shown in the [chart](#) are largely utility vehicles, we also allocate this share to the transport sector.

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## Greenpeace demands to policy makers

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The war in Ukraine has once more exposed the dire implications of Europe's addiction to fossil fuel for its energy system, which is driving war and conflict, and the climate crisis. Once again it has laid bare how the fossil fuel industry continues to bankroll conflicts at the same time as benefiting from them.

**As European leaders and the European Commission continue to seek a response to Russia's invasion into Ukraine and rising energy costs, Greenpeace makes the following demands to Europe's decision-makers:**

- 1) **Europe's heads of state and national governments have to stop oil companies from war profiteering by taxing their excessive crisis profits and use these funds for social compensation payments** to help households with limited means meet their energy and transportation needs where fossil free alternatives are not available, **and accelerate the transformation of the oil-dependent transportation sector into a mobility system that serves the people and the planet.**

In a reaction to Russia's invasion of Ukraine, the European Commission has already confirmed in its [REPowerEU](#) Communication that member states can consider taxing the windfall profits of the whole energy sector. At the same time, the heads of state and governments have clearly stated that the EU must reduce its dependence on coal, gas **and oil**.

Despite this clear commitment, the European Commission has so far largely ignored the oil sector. Even the Commission's guidance on how member states could establish windfall profits, which can be found in the annex to the Re Power EU program, refers only to the taxation of electricity suppliers, ignoring the massive windfall profits that the oil industry has raked up.

Only a few member states have made use of this possibility to impose windfall taxes and unsurprisingly have focused mostly on the additional profits of the gas and electricity market. **Greenpeace therefore calls on the European Commission to extend its guidance to Member States on how to impose windfall taxes on the profits of the oil sector** to cover this part of the energy sector as well.

- 2) **The European Commission must conduct an investigation into the recent disproportionate increases in diesel and petrol prices across the EU to verify these are not due to price fixing and cartel agreements.**

Several EU member states (including [Austria](#) and [Germany](#)) have already begun to instruct their Federal Competition authorities to investigate the causes of disproportionate fuel price hikes and possible cartel agreements.

On the assumption that gas companies may have violated EU competition rules, the European Commission conducted several [unannounced inspections in the natural gas sector in Germany in late March](#). Applying the same level of diligence to the oil sector is the logical next step for the European Commission.

- 3) **The European Commission must give clear guidance to member states on how to quickly and consistently reduce oil consumption in the EU and accelerate the decarbonisation of the EU transport sector**, which consumes [almost two-thirds of the EU's oil](#). To this end, the European Commission must present measures to



**reduce the use of carbon-intensive transport and accelerate the shift to fossil-free modes of transport**, in the upcoming specification of the **EU's REPower program**, to be presented in mid-May.

As short-term measures to reduce Europe's oil dependency, Greenpeace calls for an end to short-haul and business flights in the EU where train alternatives are available, to make public and rail transport widely available and affordable, to shift the transportation of goods from road to rail, and to encourage less driving at slower speeds.

In the long-term, European governments must ensure a phase-out of sales of new cars with internal combustion engines by 2028, reduce the number of flights in Europe and significantly boost rail and public transport. Greenpeace has developed a scenario for how the European transport system could be transformed and decarbonised by 2040 in its "[Transport Roadmap](#)".

To ensure a just transition, measures to reduce dependency on oil must entail steps to cushion the burden on low-income households and workers.