



Thomas Gangl, APIA President

When this preface to the 2019 Industry Report was first drafted, Austria had been under the sway of covid-19 for several weeks. Many themes and trends of the past year were suddenly relegated to the background. Social distancing, masks, regular handwashing, closed shops and restaurants, high unemployment, furloughs and an economic collapse suddenly reigned supreme. For a long time, newspapers knew no other topic.

It was noticeable that at the start of the crisis supply security, as experienced during the covid-19-caused lockdown, became a watchword for many people. I should therefore point out that the petroleum industry at all times fully kept up its contractual obligations to supply petrol, diesel and fuel oil to its customers and that the staff in their companies and petrol stations were fully committed to carrying out their responsibilities. The supply chain – from crude production to refineries, imports of products, storage tanks, trading and gas stations – was never at risk from the coronavirus. Petrol stations, deemed system-relevant operations, mostly remained open during their normal business hours, as part of the exceptional regime put in place by the Austrian federal government. In addition to providing petrol, they had a key role as local suppliers of food and essentials.

In the spring of 2020, the petrol industry was massively affected because it had to face up to two simultaneous crises: covid-19 and the dramatic collapse of the crude oil price, triggered by a price war between Saudi Arabia and Russia. Prices hit rock bottom in April 2020. Paradoxically, motorists could not really benefit from what should have

been an advantageous situation for them – petrol sales were significantly down for weeks.

These events have left a distinct mark on our industry, both at national and global levels, because they affected quantities and margins alike. We need to get used to lower economic growth and lower consumption. For years we had experienced ever new sales records in products such as diesel fuel – up until the abrupt stop in March 2020.

The economy and our global way of life are currently based on the burning of fossil resources, mostly crude oil, natural gas and coal. Nevertheless, the international drive towards climate protection, with its objectives which are helped along by the European petroleum industry, has caused widespread rethinking in the past years. The development of innovative energy technologies and highly efficient energy sources provides flexibility to the economy, and an opportunity to find the optimal approach to energy supply for each sector and each application. In this, both liquid and gaseous fuels have a major role to play, especially in the transport sector, due to their specific properties.

We already have a number of technologies to produce liquid low-greenhouse-gas fuels which may enable us to have low-emission mobility in all transport sectors across the entire lifecycle. They include biofuels, electricity-based liquid fuels (power-to-liquids) and processes to deposit and utilise carbon (CCU and CCS). Hydrogen, CNG and LNG are similarly promising gaseous energy carriers. Given the growth and requirements of the aviation, shipping and truck transport sectors, it is obvious that electric mobility by itself will not suffice to achieve current climate targets. We will certainly continue to need emission-optimised liquid and gaseous fuels.

In view of the EU's Green Deal, it is, moreover, important to move towards recycling, which is exactly what OMV does with its innovative ReOil project. This involves recycling synthetic waste and returning it to the refining process. This is what innovation is all about.

Finishing on this note I wish you interesting reading of our Industry Report and success in handling the aftershocks of covid-19 over the next months.

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SOLID ECONOMIC GROWTH

Having started to cool down in 2018, the global economy continued to contract in 2019, and economic research institutes needed to revise their forecasts downward several times over the year. At 2.9% in real terms, global **economic performance** grew by 0.6 percentage points less than in 2018. Austria felt the downdrift of the international business climate with some delay, first recording a plus of its GDP by 1.6% in real terms and 3.3% in nominal terms. The nominal GDP in Austria was € 399bn in 2019. Contrary to the previous years, exports at 2.8% grew at a slightly slower pace than imports. The industrial production index increased by 1.6%, the propensity to invest continued to be relatively high at a growth rate of 3.4%. Consumption was up by 1.3% for private households, and by 0.6% in the public sector.

All this combined to produce, for the first time, a noticeable **budget surplus**, amounting to 0.7% of nominal GDP. Consequently, the debt level could be further reduced: by the end of 2019, it was € 280.4bn (70.4% of GDP), or € 4.8bn below the level of 2018. According to the report made out by the Austrian Business Research Institute WIFO, this provided an excellent baseline for 2020, a year that will be shaped by the enormous expansive fiscal measures to compensate for the negative economic consequences of the covid-19 pandemic.

Austrian **goods exports** rose by 2.5% in 2019. At some € 67bn, exports of services made up about 30% of total exports in 2019 (a growth of 6%). Of the 62,000 Austrian exporters in 2019, a clear majority were SMEs. Austria has an export rate of 55.6% of GDP. Generally speaking, most Austrian exports are to Europe: 79% of the local goods exports are sent to European states. A typical feature of Austria is the great importance of its exports of investment goods. Next to the mechanical engineering industries, it is automotive engineering, including vehicle engines and parts, which ranks among the top by export volume. Also among the major export groups are chemical products, iron and steel, as well as food and beverages.

The number one among exported services continues to be tourism, although a broad range of commercial services has been added. Exports of knowledge-intensive, industrial services are a major feature of Austria's international trade. Such services typically lead to exports of goods and equipment, enabling infrastructural projects that contain an Austrian element. Regionally seen, at a share of 89% Europe continues to be the biggest buyer of Austrian services in terms of value.

In spite of stable growth of consumption, still solid economic growth and an above-average increase in nominal wages (according to the WIFO report a plus of 2.8%, the highest per capita rate since the financial and economic crisis of 2008/09), inflation abated in 2019. At 1.5%, **inflation** was half a percentage point lower than in each of the two previous years. Energy prices (petroleum products, electricity, gas, etc.) contributed a below-average 1% to the rate of inflation. On the other hand, the cost of services (housing costs, accommodation and catering) rose at an above-average rate. Fuel prices remained fairly stable as an average between 2018 and 2019.

Wages and salaries in 2019 reflected the wage agreements made in the autumn of 2018 and the following months. In 2018 Austria's economy had seen significant growth and the business cycle was at its peak. Against this background, the social partners agreed wage and salary adjustments for 2019 that were mostly above the previous year's level and the long-term average.

For 2019, Statistik Austria counted 4,355,000 actively employed persons. Unemployment dropped from 7.7% in 2018 to 7.4%, while the **employment rate** rose, due to an increase in the labour supply. Compared to 2018, the number of employed rose by 24,800 to 3,825,400, and the number of self-employed showed a slight increase as well.

KEY FIGURES

AUSTRIAN PETROLEUM INDUSTRY

		2019	2018	2017	2016	2015
Member companies, sold production, employees						
Number of association companies		27	28	27	27	28
Sold production	€ mn	9,676	10,170	8,319	7,228	8,097
Total employees		4,402	4,145	4,054	3,999	4,412
thereof blue-collar		828	796	787	787	876
thereof white-collar		3,493	3,261	3,172	3,107	3,422
thereof apprentices		81	88	95	105	113
Production, import, transport						
Domestic oil production (incl. NGL)	tons mn	0.64	0.68	0.74	0.81	0.91
Domestic natural gas production	m ³ n bn	0.89	0.97	1.74	1.25	1.18
Crude oil import	tons mn	8.59	8.31	7.32	7.21	8.11
Natural gas import	m ³ n bn	10.74	7.49	8.13	7.18	5.72
Oil transport ¹	tons mn	8.75	8.36	7.40	7.30	8.10
Oil refining (incl. semifinished products)	tons mn	10.0	9.8	9.0	8.9	9.5
Consumption, products						
Domestic oil consumption ²	tons mn	11.50	11.28	11.26	11.13	10.80
Petroleum imports – products ²	tons mn	6.69	6.67	6.70	6.65	6.16
Petroleum exports – products ²	tons mn	3.33	3.30	2.90	2.91	2.94
Domestic gas consumption (end consumer)	m ³ n bn	8.38	8.03	8.30	7.85	7.55
Filling stations, vehicles						
Number of filling stations total ³		2,733	2,699	2,685	2,670	2,641
thereof major branded		1,353	1,357	1,347	1,352	1,357
Approved vehicles		6,996,222	6,895,596	6,771,395	6,654,504	6,545,818
thereof cars and station wagons		5,039,548	4,978,852	4,898,578	4,821,557	4,748,048

¹ Adria-Wien Pipeline (2016 merged with OMV Downstream GmbH)

² Without petrochemicals or in part without pure biofuels

³ Excluding 286 agricultural diesel outlets (2018: 286; 2017: 286; 2016: 285; 2015: 285)



**APIA Managing Director Christoph Capek
(until 31 August 2020) and Hedwig Doloszeski
(APIA Managing Director from 1 September 2020)**

The Austrian Petroleum Industry Association (APIA, or FVMI to give it its proper German title) is an Austrian-wide association of petroleum-based industries organised, on the basis of the Act Governing Economic Chambers (WKG), as a corporation under public law. Together with its elected functionaries and staff members at the FVMI Office accommodated by the Austrian Federal Economic Chamber (WKÖ), it acts as expert interest group for its members. These are Austrian companies that operate upstream (exploration and production of crude oil), midstream (transport in pipelines and storage) and downstream (processing at their own or associated refineries and sale of petroleum products). At present, the Association comprises 27 petroleum companies active in the up-, mid- and/or downstream sectors.

In September 2020, the FVMI had its management changed. After almost 19 years at the top, Christoph Capek handed over management of the FVMI Office to Hedwig Doloszeski, who had been working for the petroleum industry as the specialist for environmental, chemicals and waste law from 2004 to 2012, before becoming managing director of Deutsche Wissenschaftliche Gesellschaft für Erdöl, Erdgas und Kohle (DGMK e.V.) in Hamburg. Christoph Capek will retire on 1 February 2021, at the statutory retirement of age of 65, having accumulated more than 38 years of service for the economy within the scope of the WKÖ.

The FVMI provides specialised and organisational coverage of issues relevant for the industry, such as environment and energy, climate strategy, emissions trading, regulations governing fuels and biofuels, standards, waste water and garbage, taxation, commercial law and social policy. On

a daily basis it gathers and coordinates sector-specific information and communications to members on general economic subjects. A special challenge was the handling of the covid-19 crisis in the spring of 2020, jointly with the FVMI members, through an intense exchange of information.

One of its primary tasks is to coordinate and draft comments within the scope of reviewing EU directives and national draft laws and regulations for ministries and other government authorities. In doing so, it consults and harmonises its work with the respective expert departments of the Austrian Economic Chamber, its industrial department and, within the frame of a long-term cooperation agreement, with the Chemical Industry Association.

Next to comprehensively representing its members' interest at the legal level, one of the Association's priority responsibilities is the weekly poll of petrol station prices which requires a neutral assessment by the FVMI Office and serves to facilitate a publicly accessible EU-wide comparison by the European Commission.

Once a year, the FVMI produces statistics on petrol stations to serve the entire petroleum industry, which reflect the number of petrol stations broken down by brands and changes vis-à-vis the previous years, as well as a breakdown by Austrian Länder (states).

Each January, the Association negotiates a new collective bargaining agreement with the Union of Salaried Private Sector Employees in the Print, Journalism and Paper Sector and the Production Workers Union PRO-GE for about 4,400 employees, which usually enters into force in early February. The collective bargaining agreement covering all employees of the Austrian petroleum industry is published in a paper version as well as on the Association's homepage (also in English) and is filed in the database of collective bargaining agreements kept by the Austrian Economic Chamber.

The FVMI office organises regular and ad-hoc working group meetings and cooperates with other organisations in the field, providing technical and financial assistance to Österreichische Gesellschaft für Erdölwissenschaften (Austrian Society for Petroleum Sciences; ÖGEW), the main office of Grubenrettungs- und Gasschutzwesen GmbH (mine rescue and gas protection services) and the Platform for SCC (Safety Certificate Contractors).

The Association perceives itself and its PR work as the mouthpiece of the petroleum industry. Press releases, newsletters and fact sheets on the petroleum market in Austria are typical examples of its work, as is its website. The FVMI's annual report includes all the relevant facts and figures on the Austrian petroleum industry across many years.

THE AUSTRIAN PETROLEUM INDUSTRY

CRUDE OIL AND NATURAL GAS PRODUCTION

In Austria, OMV Austria Exploration & Production GmbH and RAG Exploration & Production GmbH explore and produce crude oil and natural gas in the Vienna Basin (Lower Austria) and the molasse zone (Upper Austria and Salzburg). Crude oil and natural gas, produced in Austria over many decades, still supply households and the transport, industry and electricity generation sectors, albeit to a minor extent.

Same as in previous years, crude production continued to dwindle in 2019. Total production was down by 5.7%, to 642,953 tons (of which 626,877 tons were crude oil without NGLs), and natural gas production decreased by 8.1% to about 890.7mn m³n, according to figures by the Geological Survey of Austria (GBA). Of a production volume of altogether 643,000 tons of crude oil (including NGL), 89% were obtained in the Vienna Basin, and the remaining 11% came from the molasse zone in Upper Austria and Salzburg. Of the natural gas production (incl. petroleum gas) of 890.7mn m³n, 53.3% (475.1mn m³n) derived from the Vienna Basin and 46.7% (415.6mn m³n) were pumped from the molasse zone.

CRUDE OIL IMPORTS

In 2019, Austria imported a total of 8.6mn tons of crude oil, a plus of 3.3% over the previous year. Imports came from 16 countries, which contributed greatly varying quantities. First in importance was Kazakhstan which supplied 3.36mn tons, followed by Libya (1.85mn tons) and Iraq (1.35mn tons). Azerbaijan delivered 0.98mn tons. Other imports came in significantly lower quantities (see table). It should be noted that the large-scale imports obtained from Iran in 2018

were reduced to zero due to the US sanctions in the year under report.

To safeguard domestic supply it is necessary every year to import considerable quantities of finished products. Imports involved 4.9mn tons of diesel (B0, mostly B7 and minor quantities of B100), 661,000 tons of petrol and 600,000 tons of extra light heating oil, and came mostly from Germany, Italy, Slovakia and Slovenia. Imports of fuels and extra light heating oil made up slightly more than 6.1mn tons. The total import of petroleum products (excluding crude oil) amounted to 7mn tons in 2019.

CRUDE OIL PROCESSING

In 2019, Austrian refineries processed 9.3mn tons of crude oil (2018: 9.1mn tons). Capacity utilisation was 94% (2018: 91%). Seven percent of the processed crude oil came from domestic production and about 93% derived from non-domestic sources. Semi-finished products made up 0.7mn tons (2018: 0.7mn tons). From the quantities supplied, the refinery in 2019 produced diesel fuels (39%), petrol (23%), extra light, light and heavy heating oils (9%), petrochemical basics (11%), jet fuel JET A1 (10%), bitumen (4%) and other products (4%). Diesel and petrol had biogenic components admixed, altogether about 220,000 tons of FAME and 100,000 tons of ethyl alcohol in 2019.

STORAGE TANKS

Day-to-day supply of fuels and heating oils for the population and business in Austria is ensured not just by the OMV depots at Lobau, St. Valentin, Graz and Lustenau, but also by product depots operated by Eni, MOL, ETLB

and TBG, offering a total storage capacity of more than 1,000 m³ at locations near Graz, Linz, Salzburg, Klagenfurt, Innsbruck, Fürnitz, Zirl, Korneuburg and Trofaiach. The compulsory emergency reserves (CERs) of petroleum products prescribed under the Oil Stockholding Act of 2012 are mostly kept at the depots run by Erdöl-Lagergesellschaft (ELG), TAL (in Trieste), OMV and RAG.

NATURAL GAS STORAGE

Austria has built up storage capacities for about 8.4bn m³n of natural gas, of which OMV holds 2.4bn m³n and RAG stores 6bn m³. The total reservoir volume is used by Austrian as well as international enterprises. In terms of actual consumption, Austria's storage capacities are almost unsurpassed among EU countries.

PETROLEUM CONSUMPTION

In 2019, 11.5mn tons of petroleum were consumed in Austria (a plus of 1.9% over the previous year), when including all petroleum products such as fuels, gas oil for heating purposes (extra light heating oil), light and heavy heating oil, lubricants and bitumen, but excluding petrochemical basics. Of this, petrol and diesel consumption amounted to 8.75mn tons (+1.15%), according to the statistics kept by the energy department at the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology, which corresponds to some 10.6bn litres. In 2018, it had been 8.65mn tons.

A breakdown of consumption figures (excepting petrochemical basics) shows once again almost 62% for diesel, followed by petrol (14.4%) and extra light heating oil (9.3%). Jet fuel consumption made up 8.3%, and at 63,000 tons, light and heavy heating oil was down to 0.5%. The remaining 5.5% were contributed by bitumen (4.3% or 498,000 tons), liquid gas (0.7%) and lubricants (0.5%).

PRICE DEVELOPMENT

At an average of US\$ 64.30/bbl, Brent crude was almost 10% lower-priced than in 2018 (US\$ 71.33/bbl), varying about 35% across the year. In early 2019, crude sold for about US\$ 53/bbl, continuing the downward slide of

the last weeks of 2018. The decline was stopped in the first months of 2019, and prices ranged from US\$ 55 to US\$ 75 per barrel for the rest of the year.

Early in 2019, the petrol price was about € 1.17 per litre at Austrian petrol stations, rising to € 1.31 by May and varying between € 1.23 and € 1.27 per litre over the rest of the year. The last average petrol price of the year obtained by the Austrian Petroleum Industry Association APIA in mid-December 2019 on the basis of the Price Transparency Act was € 1.228. For diesel, prices in 2019 developed in a constant curve from € 1.17 at the beginning to € 1.21 at the end of the year. The exception was May, when diesel, similar to petrol, went up to an average of about € 1.25 per litre at the pumps.

FILLING STATIONS

In its survey made at the end of 2019, APIA counted altogether 2,733 publicly accessible filling stations, a slight increase over the 2,699 stations recorded in the previous year. Added to this figure are 286 diesel sales points for farmers. The survey distinguishes between two principal groups of stations: the so-called major branded stations which total 1,353 and include brands by APIA members BP, Eni, JET, OMV and Shell; and the other group which consists of 1,380 stations, including those run for example by Turmöl, Genol, Avia, A1, IQ, Disk and LM Energy.

In an EU-wide comparison, Austria has a relatively dense network of service stations: Germany has one service station per 5,763 citizens, whereas a station in Austria supplies 3,264 potential customers. The dense network of service stations in Europe provides ensures mobility for its fuel-operated vehicles, an infrastructure that contributes to the safe supply of the population even in a crisis. Altogether the continent has 138,314 service stations.

LICENSED VEHICLES

As of 31 December 2019, Austria had 6,996,222 licensed motor vehicles (2018: 6,895,596), of which 5,039,548 were passenger cars and estate cars (a plus of 1.2%; 2018: 4,978,852). Diesel cars make up 2,772,854 or 55.0%; 43.2% are petrol driven (of which 5,464 run on flex fuel). Some 1.2% have another type of drive (liquid gas, natural gas, hybrid); 29,523 passenger cars (compared to 20,831 in 2018) have an electric motor.