

# THE AUSTRIAN PETROLEUM INDUSTRY IN 2009

In Austria, successful prospecting work for oil and natural gas has been carried on for decades at the Wiener Becken, a sedimentary basin around Vienna, and in the molasse zone of Upper Austria and Salzburg, with both sites producing economically relevant quantities.

In 2009, OMV sank 33,000 metres of pipes in the course of its drilling works, a reduction of 14,000 metres or 30% over the previous year, returning to the level of 2007. Altogether, OMV contributed 40% of the domestic drilling performance, whereas Rohöl-Aufsuchungs-AG (RAG), added the remaining 60% or 48,500 metres, slightly more than in 2008.

Excepting natural gas liquids (NGLs), oil production yielded 905,000 tons in 2009, of which 804,400 tons came from the Vienna Basin and 100,600 tons from the molasse zone. Production of NGLs (the condensate and liquid constituents of natural gas production) made up 93,400 tons, 99.7% of which derived from the Vienna Basin. Of the total oil production of 998,500 tons, OMV extracted 87.6% (874,700 tons) and RAG recovered 12.4% (123,700 tons). Broken down by fields, the Vienna Basin produced 90% (897,600 tons) and the molasse zone added 10% (100,900 tons).

Oil deliveries to Austria comprised 7,43mn tons, sourced from 17 countries. The chief crude oil supplier to Austria's domestic petroleum system in 2009 was Kazakhstan with 2.78mn tons, followed by Iraq (1.22mn tons) and Libya (1.11mn tons). Almost all of the crude oil import is transported by pipelines (Transalpine pipeline and Adria-Vienna pipeline) from the harbour of Trieste to Schwechat near Vienna, the only refinery in Austria. In addition to crude, Austria in 2009 imported some 6.2mn tons of products, such as petrol, diesel or fuel oil, mostly from Germany, Italy and the Slovak Republic.

In 2009, production ran to 1.58bn m<sup>3</sup>n (standard cubic metres) of natural gas including petroleum gas, an amount made up of 1.33bn cubic metres (84%) of natural gas and 250mn cubic metres (16%) of petroleum gas. Of this volume, 85% was contributed by OMV and 15% by RAG. Domestic natural gas production yielded 17% of the natural gas required in Austria, and the remaining 83% had to be provided through imports, most of them from Russia. At 8.1bn cubic metres, deliveries to consumers (households, industry, electricity producers) were lower by 3% compared to 2008.

OMV's refinery at Schwechat processed altogether 8.33mn tons of crude in 2009 (2008: 8.73mn tons), of which about 11% came from domestic production and 89% from abroad and 0.6mn tons of semi-finished products (2008: 0.65mn tons). The refinery worked at 87% capacity and covered some 46% of Austria's demand for petroleum; about 22% of the production was exported.

Combined with the storage depot at Vienna-Lobau and the depot at St. Valentin, the Schwechat refinery is the largest industrial complex in Austria. Together, the refinery and two depots have a storage capacity of 3.4mn cubic metres.

In 2009, the fuel market in Austria (petrol and diesel fuel) once again contracted, to 7.79mn tons (-2.4%) or about 9.4bn litres. Demand for petrol edged up by 0.4% to 1.84mn tons, whereas sales of diesel fuel as a result of the economic crisis continued the previous year's decline, dropping by 3.2% to 5.95mn tons (2008: 6.15mn tons). In 2009, 1.46mn tons of gas oil were consumed for heating, 11% less than in the previous year. Total petroleum consumption in Austria, ranging from LPG to petrol, gas oil, fuel oil and bitumen, came at 11.3mn tons, 5.2% less than in the previous year (2008: 11.9mn tons; 2007: 12.0mn tons; 2006: 12.8mn tons; 2005: 12.9mn tons).

Some 67% of motor fuels consumed in Austria were sold by the network of publicly accessible petrol stations. They numbered slightly over 2,700 at the end of 2009, compared to 2,800 the year before. The trend seen in the past years – the “majors” divesting themselves of low-profit stations – continued unabated.

In Austria, petrol station prices (including taxes) in early 2009 hovered at about EUR 0.90 per litre of Eurosuper and about EUR 0.95 per litre of diesel fuel. Over the year pump prices steadily rose, reflecting the trend on the international oil markets, and reached their first peak of the year in August, at EUR 1.12 per litre of Eurosuper and EUR 1.02 per litre of diesel. Contrary to 2008, the pump price for diesel dropped below that for petrol in the spring of 2009. Following a slight decline in the autumn, prices did not return to this level before early December. Austrian prices for petrol and diesel have for years been constantly lower than the EU average, thus matching international trends. If the mineral oil tax were raised by 10 cents per litre, an option widely discussed in the spring of 2010, this price advantage enjoyed by Austrian motorists would be lost.

# PREFACE



Even though the global economy began its slow recovery from the recession that had spread from the second half of 2008, the effects of the financial and economic crisis were still highly visible in energy demand figures for 2009. For the first time since 1982, global consumption of primary energy declined in 2009, to one percent below the level of 2008. Of all primary energy sources, oil consumption, dipping by 1.7%, experienced the sharpest dent on a global scale. Austria did not escape the bust and its energy consumption slipped significantly against the previous year. The global check on demand sent the oil price into a temporary tailspin at the start of the year, to some USD 40 per gallon, only to return, interrupted by short-term setbacks during the summer months, to almost USD 80 per gallon by November.

The petrol price showed a similar development on the Rotterdam market for petroleum products: by the end of the year prices were about 60% higher than at the start of 2009. For diesel fuel the rise of about 35% was more moderate, due to lower demand, but the price level at the start of 2009 was substantially higher than that of petrol. As a consequence spring saw a return to lower pump prices for diesel, as had been customary before 2008, to a few cents below the petrol price, due to the lower petroleum tax rate. High inventory levels and low demand reduced refinery margins in Europe by over 60% and their capacity utilisation rates plunged.

The Austrian petrol station market was once again marked by fierce competition among a dense network of stations. Sales points fought a vicious price war which, while certainly pleasing consumers, meant that many stations had to be closed down. Unfortunately media discussions of fuel prices, emotion-ridden as they often are, tend to forget that the members of our Association ensure full-scale and constant supply, typically 365 days a year and 24 hours a day, not just in agglomerations but also in marginal locations of little economic attraction. The difficult profit situation is reflected in the very modest before-tax margins for petrol stations. These margins are among the lowest in all of Central and Western Europe, as has been repeatedly documented by many studies.

In response to the consummate interest extended to the fuel market in the public debate, the Austrian Petroleum Industry Association once again directed considerable efforts at this subject, through numerous press releases, discussions with journalists, interviews and an information campaign for petrol stations. Quite apart from such endeavours we must not forget the many activities dealt with by the Association's office together with representatives from our member companies in scores of working panel meetings and conferences with government agencies at all levels, which produce responses and comments by the industry. In the up- and downstream sectors these involve energy and environmental topics, collective bargaining agreements, issues of safety and logistics, heating and motor fuels, biofuels, standards, REACH, waste issues and much more.

For the past eight years I have had the honour and pleasure to serve as president of the Association whose autonomy I have always championed. At the occasion of the Chamber elections I decided to hand over the presidency to Mr. Gerhard Roiss, my future successor at OMV, already in June 2010. I wish him all the best and good luck with this office, and I want to take this opportunity to thank all Association members for their support and impressively excellent cooperation within the Austrian Petroleum Industry Association.

Vienna, on September 2010

A handwritten signature in blue ink, consisting of a stylized 'W' followed by a large, flowing 'R' and a trailing flourish.

Wolfgang Ruttensdorfer

President of the Austrian Petroleum Industry Association,  
until 8 June 2010

# KENNZAHLEN / KEY FIGURES

## Österreichische Mineralölindustrie Austrian Petroleum Industry

		2009	2008	2007	2006	2005
Anzahl der Mitgliedsunternehmen <i>Number of association companies</i>		23 23	23 23	25 25	25 25	24 24
Abgesetzte Produktion (Konj.-Statistik) <i>Sold production</i>	Mio EUR <i>EUR mn</i>	7.232 7,232	10.224 10,224	8.040 8,040	8.054 8,054	6.855 6,855
Beschäftigte <i>Total employees</i>		3.510 3,510	3.725 3,725	4.066 4,066	3.923 3,923	3.911 3,911
davon Arbeiter <i>there of Blue-Collar</i>		889 889	1.050 1,050	1.321 1,321	1.346 1,346	1.340 1,340
davon Angestellte <i>thereof White-Collar</i>		2.520 2,520	2.500 2,500	2.590 2,590	2.500 2,500	2.500 2,500
davon Lehrlinge <i>thereof Apprentices</i>		101 101	175 175	155 155	77 77	71 71
Erdölförderung Inland inkl. NGL <i>Domestic oil production (incl. NGL)</i>	t <i>tons</i>	998.451 998,451	942.030 942,030	944.741 944,741	944.641 944,641	933.040 933,040
Erdgasförderung Inland <i>Domestic natural gas production</i>	Mrd m <sup>3</sup> n <i>m<sup>3</sup>n bn</i>	1,580 1.580	1,532 1.532	1,848 1.848	1,819 1.819	1,637 1.637
Rohölimport <i>Crude oil import</i>	Mio t <i>tons mn</i>	7,425 7.425	7,946 7.946	7,645 7.645	7,698 7.698	7,837 7.837
Erdgasimport <i>Natural gas import</i>	Mrd m <sup>3</sup> n <i>m<sup>3</sup>n bn</i>	9,463 9.463	9,779 9.779	8,740 8.740	9,212 9.212	9,180 9.180
Rohöltransport – Pipelines <sup>1</sup> <i>Oil transport – Pipelines<sup>1</sup></i>	Mio t <i>tons mn</i>	7,400 7.400	7,900 7.900	7,602 7.602	7,831 7.831	7,874 7.874
Rohölverarbeitung inkl. Halbfabrikate <i>Oil refining incl. semifinished products</i>	Mio t <i>tons mn</i>	8,93 8.93	9,38 9.38	9,09 9.09	8,81 8.81	9,00 9.00
Mineralölverbrauch Inland <i>Domestic oil consumption</i>	Mio t <i>tons mn</i>	11,297 11.297	11,919 11.919	12,009 12.009	12,785 12.785	12,856 12.856
Mineralölimporte – Produkte <i>Petroleum imports – products</i>	Mio t <i>tons mn</i>	6,242 6.242	6,719 6.719	6,808 6.808	7,142 7.142	6,987 6.987
Mineralölexporte – Produkte <i>Petroleum exports – products</i>	Mio t <i>tons mn</i>	2,171 2.171	2,441 2.441	2,125 2.125	1,635 1.635	2,083 2.083
Erdgasverbrauch Inland <i>Domestic gas consumption</i>	Mrd m <sup>3</sup> n <i>m<sup>3</sup>n bn</i>	8,130 8.130	8,391 8.391	7,939 7.939	8,456 8.456	9,061 9.061
Anzahl der Tankstellen <sup>2</sup> <i>Number of filling stations total<sup>2</sup></i>		2.716 2,716	2.802 2,802	2.810 2,810	2.812 2,812	2.833 2,833
davon Major-branded <i>thereof major-branded</i>		1.663 1,663	1.809 1,809	1.844 1,844	1.921 1,921	1.950 1,950
Anzahl der Kraftfahrzeuge <i>Car population</i>		5.981.075 5,981,075	5.873.281 5,873,281	5.796.973 5,796,973	5.722.624 5,722,624	5.646.882 5,646,882
davon PKW und Kombi <i>thereof passenger cars and station wagons</i>		4.359.944 4,359,944	4.284.919 4,284,919	4.245.583 4,245,583	4.204.969 4,204,969	4.156.743 4,156,743

<sup>1</sup> Adria-Wien-Pipeline / Adria-Wien-Pipeline

<sup>2</sup> Zuzüglich 302/302/300/314/324 Dieselabgabestellen für die Landwirtschaft / Excluding 302/302/300/314/324 agricultural diesel-outlets

# THE AUSTRIAN ECONOMY IN 2009

The global credit crunch and economic crisis first hit Austrian businesses already in the second half of 2008; by 2009 exports and manufacturing began to founder. At a decline of 3.9% in real terms, Austria's GDP in 2009 fell off at a rate not seen in 60 years. Industrial production was far below the previous year's level. With prices for raw materials flagging and the economy on a downward course, general inflation was muted: as an average of 2009, it slowed down to 0.5%, compared to 3.2% for 2008. According to the Austrian Institute of Economic Research WIFO, the Austrian economy contracted by 4.9% over the previous year in the first quarter of 2009. Economic performance continued to shrink in the second quarter although the downward trend was visibly decelerated. By mid-year, the first signs of growth could be detected.

In 2009, Austria's industry went through the steepest through since 1945, and the crisis year had a dramatic impact on the industries' order books. Production declined to the level of 2005, haemorrhaging EUR 25bn or 18% to reach EUR 113.6bn. No sector of the industry was spared production cuts in 2009. Exports were similarly affected: in 2009, Austrian international exports plummeted by almost 20% or EUR 23.4bn to EUR 94.2bn in all.

In order to cushion the effects of the economic crisis, Austrian economic policymakers introduced a slew of fiscal measures. Private consumption profited from a tax reform and a family package to strengthen the purchasing power of private households. In spite of the crisis, consumption grew in real terms: it was the only demand aggregate in Austria that did not show any decline in 2009.

In February 2009, the economic slowdown caused the job count, especially in the industries, to stall for the first time since March 2003. In the second quarter, service jobs began to feel the pressure as well, and job losses accelerated. Altogether, dependent employment declined by 1.4% to a total of 3,259,310 in 2009. Employment of foreign nationals fell off by 1.3% to 430,500 workers of non-Austrian citizenship in 2009. On the other hand, the number of those in self-employment and contributing family members grew again, to a total of 423,400 in 2009. As an annual average, 260,300 people were unemployed, 48,100 more than in the previous year. The Austrian unemployment rate was 7.2%, or 4.8% by Eurostat figures (Labour Force Survey). In response to the perceptible growth of joblessness, two labour market packages were adopted and short-time work, a tool rarely used in the past, made more flexible.

According to WIFO figures, the crisis made for a massive reduction in energy consumption (about 4%). Energy prices also felt the impact. Crude oil prices, which had substantially risen as an annual average until 2008 (to USD 97/bbl), plunged to USD 61.5/bbl. The development was similar on an euro basis because the dollar gained very little strength against the euro in 2009 (the annual average exchange rate was USD 1.39 to the euro). Cheaper crude had a major impact on fuel and fuel oil prices. In 2009, Austria consumed 11.3mn tons of mineral oil products, 5.2% less than in the previous year, according to figures published by the Federal Ministry of Economy, Family and Youth. Remarkable developments were the reduction of diesel consumption by 3.2% to 5.95mn tons and the decline in extra-light fuel oil consumption by 11.3% to 1.46mn tons. Petrol consumption, on the other hand, rose slightly, by 0.4%, to 1.84mn tons.

# INTRODUCTION TO THE ASSOCIATION

The Austrian Petroleum Industry Association (APIA, or FVMI to give it its proper German title) is an Austrian-wide association of petroleum-based industries operating within the scope of the Austrian Federal Economic Chamber (WKÖ). It is organised as a corporation under public law to serve as a lobby for its members. A legal interest group, the Association acts as a link between business and the public. Its members are Austrian companies that operate upstream (exploration and production of crude oil), midstream (transport in pipelines) and downstream (processing at their own or associated refineries and sale of petroleum products). At present, the Association has 23 petroleum companies active in the up-, mid- and/or downstream sectors.

The Association's remit comprises not just representation of its members' interests as provided in the Economic Chamber Act (WKG), but also regular surveys of prices and quantities, such as the weekly poll of petrol station prices for fuels under the Price Transparency Act which furnishes data for an EU-wide comparison, non-company-based evaluations and price enquiries for regional zones in Austria on behalf of the Federal Ministry of Economy, Family and Youth.

Another core competence of the Association is negotiations for collective bargaining agreements with the trade unions for employees in private businesses, printing, journalism, paper industries and production workers covering almost 3,500 workers. The joint collective bargaining agreement for workers in the Austrian mineral industry is available as a paper version, on the Association's homepage (also in English as a PDF file) and in the Economic Chamber's database for collective bargaining agreements and is regularly updated.

Furthermore, the Association drafts and coordinates statements for the sectoral assessment of EU directives and comments on national bills and draft ordinances for ministries and other government agencies. Issues of relevance for the industry, such as environment and energy (climate strategy, emission trading, dust pollution, fuel and biofuel regulations, standards, waste water, garbage, etc.), taxes, industrial law and social policies, are covered in technical as well as

organisational terms by the Association in collaboration with company representatives within numerous working panels. The Association also supplies its members with sector-specific information as well as communications on general business subjects, in cooperation with the Federal Industrial Section and the competent departments at the Economic Chamber. Its particular brief includes:

- collaboration with the Austrian Ministry of Economy, Family and Youth and the Federal Ministry for Agriculture, Forestry, Environment and Water Management, especially with regard to issues of energy provision, supply security and fuel qualities, as well as close cooperation with specialised organisations in the industry;
- response to technical enquiries by government authorities, the social partners, consumers, students and national and international organisations;
- organising and handling several panel meetings per year for segments such as commercial business, p.r. activities, retail, statistics, transport logistics, HSSE, REACH, biofuels and waste;
- press releases and statements for print and broadcast media, on subjects such as market development of crude oil and fuel prices and supply of mineral products;
- regular updating of the Association's homepage ([www.oil-gas.at](http://www.oil-gas.at)) and preparation of the annual report;
- participation as the sponsoring organisation in the "Liquid Fuels" working group and as a shareholder in Heizen mit Öl GmbH, a company promoting oil heating systems;
- cooperation with Hauptstelle für das Grubenrettungs- und Gasschutzwesen GmbH (main office for mine life-saving and gas protection services);
- expert and financial support of Österreichische Gesellschaft für Erdölwissenschaften (Austrian Society for Petroleum Sciences; ÖGEW).