THE FACTS BEHIND OIL PRICES

GLOBAL DEMAND

Growth in newly industrialized countries is a key factor driving physical oil prices. By 2020, China is expected to surpass the U.S. as the largest importer of crude oil.

OPEC

The OPEC cartel controls most Middle East oil production and, when it restricts production, oil and gas prices increase, sometimes significantly.

ENVIRONMENTAL POLICIES

U.S. restrictions on offshore drilling are negatively affecting supply by locking up an estimated 7.6 billion barrels of oil and 36.6 trillion cubic feet of natural gas.

TAXES

Governments cause fuel price increases in the form of taxes, subsidies and surcharges – ranging from 15 percent per gallon in parts of the U.S. to 60 percent in some European countries.

GEOPOLITICAL CONFLICTS

Crude oil prices are surging due to fears of potential supply disruptions related to the rising global tensions surrounding Iran's nuclear ambitions.

LOGISTICS AND INFRASTRUCTURE

The U.S. has lost five percent of its refining capacity in the last few months as a result of rising foreign oil prices and U.S. gasoline demand being at 15-year lows.

CHANGING SUPPLY LANDSCAPE

Advancements in technology have enabled supply and production of crude oil in North America to grow, while decreasing supplies of crude in the North Sea have resulted in a dramatic divergence between the price of gasoline on the coasts, and the price in the Midwest.

CURRENCY FLUCTUATIONS

Because oil is priced in U.S. dollars, it becomes more expensive as the dollar loses value; with the dollar at a three-year low, gasoline prices are nearing all-time highs.