



BP's impact on the economy in



A report by Oxford Economics
December 2017

€1.2bn

Gross value added
contribution supported
by BP in Italy

BP supported

24,300
jobs

One in every
1,000 in Italy

BP's activity supported

0.07%
of Italian GDP

€1.2bn

spent with
Italian businesses

500

Italian suppliers of
goods and services

BP supports

Italian
Red
Cross

BP supports the

Trans Adriatic
Pipeline (TAP)

which is part of the
Southern Gas Corridor
currently under
construction

Executive summary

BP has been operating in Italy since 1962. This section of the report highlights BP's impact on Italy's economy in the 2016 calendar year. The company's impact arises from the operations of BP itself and its subsidiaries.¹ The impact is measured in terms of BP's direct contribution to GDP and jobs, as well as those supported by buying goods and services from local businesses.

For the purposes of this report, the EU27 is defined as the 28 European Union countries less the United Kingdom.

2016 economic impact highlights

- Considering BP's impact across all EU27 countries, BP's total impact on Italian GDP ranks 3rd and BP's total impact on jobs ranks 2nd.
- Counting direct and supply chain impacts, BP supported an estimated **€1.2 billion gross value added** contribution to Italian GDP and **24,300 jobs** in 2016.² That is equivalent to **16.6% of all gross value added** created in the mining and quarrying sector in Italy in 2016, and **8.3%** of all employment in the electricity, gas, and water supply sector in Italy in 2016.
- BP's direct activities and its expenditure with Italian suppliers are estimated to have supported one in every **1,000 jobs** in Italy in 2016, **0.1%** of all employment in the country.
- An estimated **0.07%** of Italian GDP in 2016 was in some way reliant on BP's activities – whether directly or through BP's purchases from suppliers. That is **€1 in every €1,400** of GDP created in Italy during the year.
- Of the total, BP's direct operations created a **€45 million gross value added** contribution to the Italian economy – or **3.8%** of the total – and **employed 151 people** – **0.6%** of the total.
- BP spent nearly **€1.2 billion** with about **500 Italian suppliers**³:
 - **€270 million** on non-capital goods and services, which, combined with BP's worldwide spending, supported an estimated **€350 million gross value added** contribution to Italian GDP and **6,800 jobs**.
 - **€900 million** on capital goods, which, combined with BP's worldwide spending, supported an estimated **€790 million gross value added** contribution to Italian GDP and **17,300 jobs**.

¹Unless otherwise stated, all references to BP include BP itself and the company's subsidiaries.

²Totals in this report may not always be equal to the sum of component parts due to rounding.

³This is the number of unique supplier names in BP's procurement database, with an adjustment for duplicates based on a visual examination of a sample of 200 suppliers (e.g., 'ABC Inc' and 'ABC Incorporated' would be considered one firm).

BP's direct impact

In Italy, BP operates under the brands BP and Castrol. BP manufactures lubricants as well as markets and sells automotive, industrial, aviation, and marine lubricants. By doing so, the company directly created a €45 million gross value added contribution to Italian GDP in 2016 and employed around 150 people.

BP's support for local suppliers

BP supported businesses in almost every region in Italy in 2016.⁴ The company spent €1.2 billion on capital and non-capital goods and services from about 500 Italian suppliers that year. This spending bolstered a wide range of businesses in the country.

BP spent 91% of the total with suppliers in Lombardy (Lombardia), another 4% in Tuscany (Toscana), and 2% in Veneto (Fig. 1). BP spent a further 2% with suppliers in Liguria and 1% with businesses in Lazio.

As it rippled through the Italian economy, this spending, as well as BP's worldwide spending, is estimated to have supported a €1.1 billion gross value added contribution to the country's economy and about 24,100 jobs.⁵

The greatest share of BP's supply chain impact was felt in the business services sector, where BP supported a €610 million gross value added contribution (54% of BP's total supply chain impact, Fig. 2). BP also supported a €84 million gross value added contribution in the transport and storage sector (7% of the total), and €81 million to the wholesale and retail trade sector (also 7% of the total).

⁴ Of Italy's 20 regions, BP spent money in 16.

⁵This jobs estimate includes people who may work on-site at BP but who are ultimately employed by one of the companies BP buys services from.

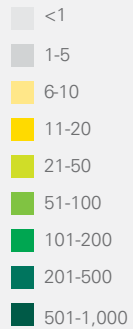
⁶We have used BP's procurement database to map the company's spending across the country. The map includes over 80% of BP's total spending in the country; the procurement database does not include postcode or location data for all spending, and that spending cannot be mapped.



Fig. 1

BP's spending with suppliers in Italy by region, 2016⁶

BP Spending (€ Million)



Source: BP

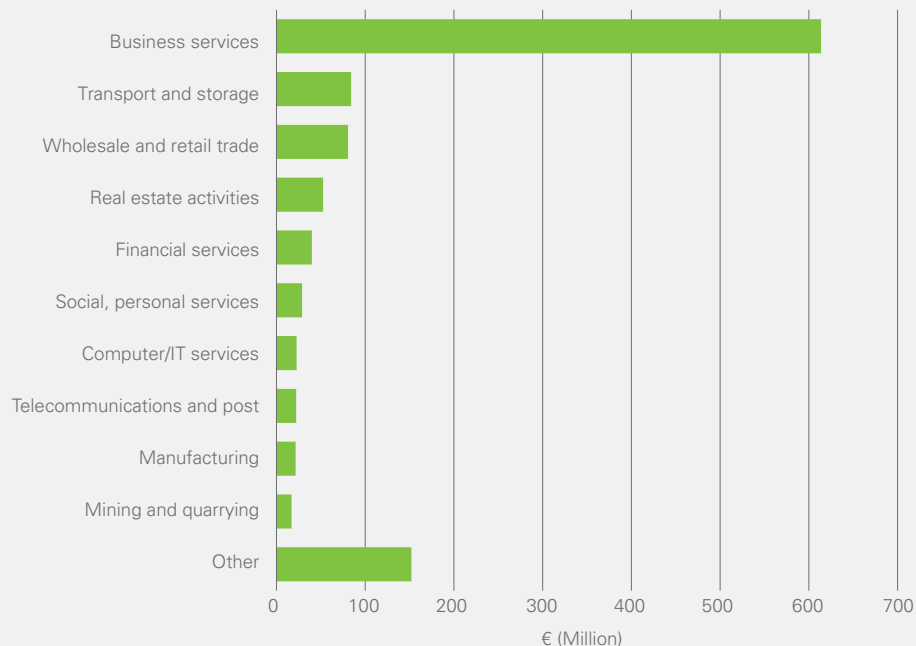
Summary

Including BP's direct and supply chain impact, the company supported an estimated €1.2 billion gross value added contribution to Italian GDP and and 24,3000 jobs (Fig. 3). Considering BP's impact across all EU27 countries, BP's total impact on Italian GDP ranks 3rd and BP's total impact on jobs ranks 2nd.

The total contribution to GDP supported by BP in Italy in 2016 was equivalent to 0.3% of GDP created in Northeast Italy (i.e., Nord-est, which encompasses Trentino Alto Adige, Friuli-Venezia Giulia, Veneto, and Emilia-Romagna) that year, while the employment BP supported was equivalent to 0.45% of employment in Northeast Italy.

Gross value added by industry stimulated by BP's supply chain spending, 2016

Fig. 2



Source: Oxford Economics

BP's activities have a substantial multiplier impact in Italy. For every €100,000 gross value added contribution to GDP that BP generated in Italy at its own operational sites, the company supported another €2.5 million gross value added elsewhere in the country through its supply chain spending. And for every person BP itself employed in Italy, the company supported another 160 jobs elsewhere in the country by spending money with local businesses.

BP's total impact in Italy, 2016

Fig. 3

■ Supply chain capital expenditure
■ Supply chain operational expenditure
■ Direct



Source: Oxford Economics

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Acknowledgement

BP would like to thank its partners in the production of this publication.

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Design

thebigwindow.co.uk

Printing

Pureprint Group Limited, UK ISO 14001

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1 St James's Square
London SW1Y 4PD
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