



BP's economic impact on the



countries

A report by Oxford Economics
November 2017

Welcome to this report on BP's economic impact on the EU27 countries, based on research and analysis by Oxford Economics. We hope that it will be of use in understanding how a large business plays its part in creating wealth and prosperity and adding value to national economies across the EU27 countries (for the purposes of this report, the EU27 is defined as the 28 European Union countries less the United Kingdom).

This report sits alongside the companion publication that looks specifically at the economic impact in the UK. Reporting on BP's activities during the calendar year 2016, the analysis focuses on the EU27 member states as well as showing comparison data for the UK, Norway and Switzerland.

This report is also published online at bp.com/eu27economicimpact

BP has been an integral part of Europe's energy landscape for many decades, part of a global energy business with enormous reach across the world's energy system. Our people wake every day to serve our customers as we bring to market our products and services.

The energy we provide has always powered economic growth and lifted people out of poverty. Today, we face the dual challenge of meeting society's need for affordable and reliable energy, while at the same time reducing carbon emissions. As scientists and engineers, we recognise the urgency of the climate challenge – and will be part of the solution. Every part of our business has a tremendous amount to bring to this.

We commissioned Oxford Economics – an independent consultancy group specializing in economic impact analysis – to provide insight into all of our activities across Europe and to assess their economic impact. Their findings paint an important picture of our role in the economic health of the continent. Specifically, they measure the impact through the level of jobs created and sustained, and the contribution to nations' gross domestic product.

We know that the energy mix is shifting towards lower carbon sources, driven by technological advances and growing environmental concerns. In BP, we will help drive this transition – and our business will be transformed by it.

We are proud of what this report has found. It shows that BP's economic contribution across Europe is substantial and widespread. Whilst in the future the way we deliver heat, light and mobility will change dramatically, our commitment to our customers and the countries in which we operate will endure.

Peter Mather
Group Regional President, Europe, BP

Executive summary

BP made a substantial impact on the EU27 economies in 2016

- BP supported an estimated **€10.7 billion gross value added** contribution to the EU27 countries' gross domestic product (GDP) and **176,000 jobs** in 2016.
- Of this total, BP directly generated a **€3.1 billion gross value added** contribution to the EU27 economies' GDP and employed **14,900 people**.
- BP spent **€7.9 billion** with about **19,000** EU27 suppliers, buying goods and services from suppliers in every EU27 country.
- BP's supply chain spending supported an estimated **€7.6 billion gross value added** contribution to EU27 countries' GDP and **161,000 jobs**. **11 jobs** are supported for every BP employee across the EU27.

€10.7bn

contribution made
to EU27 countries'
GDP

176,000

jobs supported by
BP's activity

14,900

people directly
employed by BP
including retail

€7.9bn

spent on capital and
non-capital goods and
services in the EU27

77%

of supply chain contribution
to GDP came from
operational spend

€5.3bn

of intra-EU27 spend
via BP operations

This contribution
is equivalent to
6%
of Greek GDP

This is equivalent to
9%
of all employment
in Paris

For every BP employee,
11 jobs
are supported
elsewhere in
the EU27

19,000

EU27 suppliers
provided goods and
services to BP

Every €1 of GDP
created by BP supports

€2.4
of GDP elsewhere
in EU27

€2.6bn

of non-EU27 spend
with EU27 suppliers

BP's operations across Europe

Castrol, Air BP, and IST activities operate across most countries

- EU27 countries
- Retail markets
- Upstream operations
- Petrochemicals
- Refining
- Power plants
- Lubricant distribution plants
- Major distribution terminals
- Global Business Services
- Southern Gas Corridor (SGC) pipeline – under construction
- Baku-Tbilisi-Ceyhan (BTC) pipeline

Rosneft
19.75%

Retail markets:

UK; Germany; Netherlands; Luxembourg; Switzerland; Austria; Poland; Turkey; Portugal and Spain

Petrochemical plants:

Hull (UK); Geel (Belgium); Gelsenkirchen (Germany)

Refineries:

Gelsenkirchen, Lingen, Bayernoil (Germany); Rotterdam (Netherlands); Castellon (Spain)

Power plant:

Bilbao (Spain)

Lubricant distribution plants:

Ghent (Belgium); Neuhof, Mönchengladbach, Landau (Germany); Péronne (France); Neudorf (Austria); Cornaredo (Italy)

Major distribution terminal:

Frontignan (France)


Global Business Services:

Budapest and Szeged (Hungary)




Channels through which BP contributes to the EU27 economy

Direct Impact




BP employs staff and generates GDP at its operational sites in the EU27.

Indirect Impact



OPERATIONAL SPEND
BP spends money with suppliers across the EU27 who employ staff and generate GDP.

Indirect Impact



CAPITAL SPEND
BP also undertakes capital investment, spending money with additional EU27 suppliers, which generates more jobs and GDP.

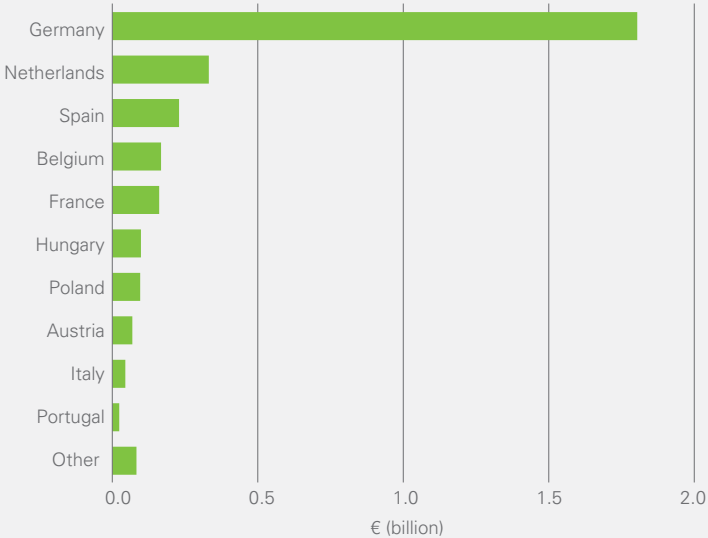
Total Impact

Together all these effects comprise the total economic impact of BP on the EU27 economies.

BP's impact on economies across the EU27

BP itself made a substantial contribution to EU27 GDP in 2016

In 2016, BP directly generated a €3.1 billion gross value added contribution to EU27 countries' GDP.
That is equivalent to 5.7% of the entire gross value added created in Luxembourg in 2016, or 2.8% of that created in Hungary.



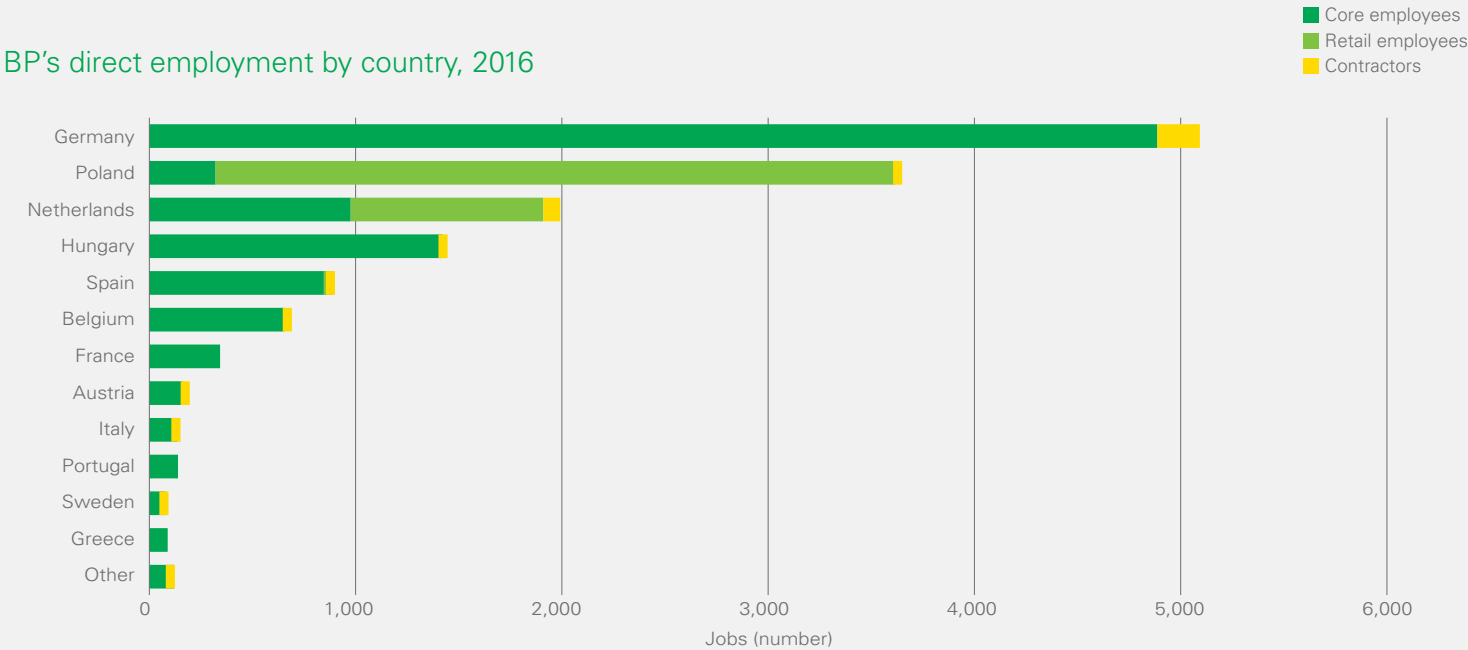
Source: Oxford Economics

BP employed people in more than two thirds of the EU27 countries in 2016

BP directly employed 14,900 people in 2016, including BP's core workforce, retail workforce, and contractors.
That included 5,093 people in Germany (34% of the total), 3,650 in Poland (24%), and 1,992 in the Netherlands (13%).

The employment figures do not include all contractors, particularly in the retail business in Germany. These jobs are included in the supply chain impact.

BP's direct employment by country, 2016



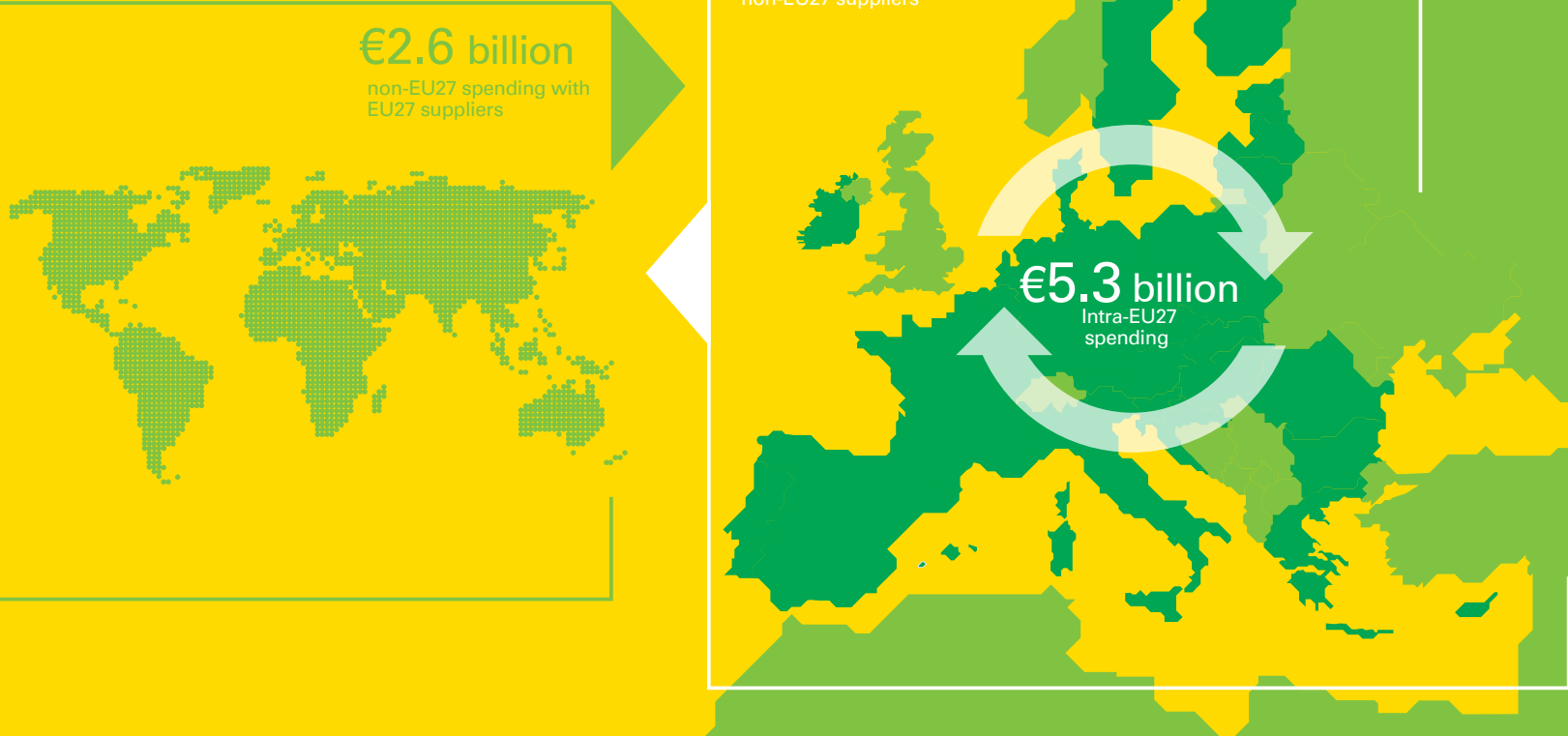
Source: BP

BP's impact on economies across the EU27

BP's EU27 and worldwide spending in 2016

BP spent €7.9 billion on capital and non-capital goods and services from about 19,000 EU27 suppliers in 2016.

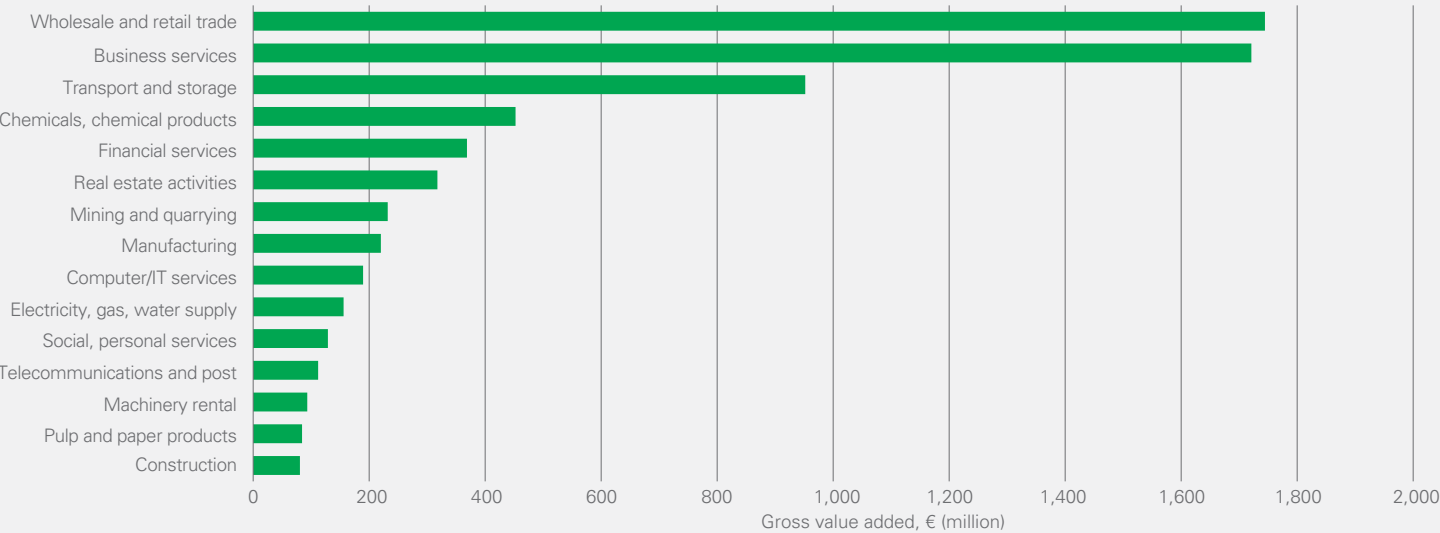
Oxford Economics' bespoke global input-output model captured the within-country and cross-country impacts of this expenditure as it stimulated economic activity at EU27 suppliers.



Three sectors made up 60% of BP's supply chain impact

BP's supply chain spending had the greatest impact in the business services and the wholesale and retail trade sectors, supporting €1.7 billion of gross value added in each industry sector in 2016 (each accounting for 23% of the total). BP supported a further €950 million in the transport and storage sector (13%).

The fifteen industry sectors in the EU27 benefitting most from BP procurement in 2016

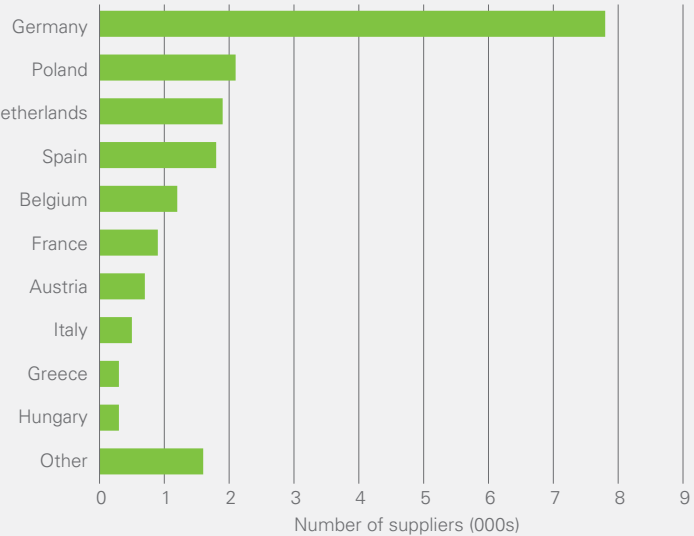


Source: Oxford Economics

BP's impact on economies across the EU27

BP bought goods and services from suppliers in every EU27 country

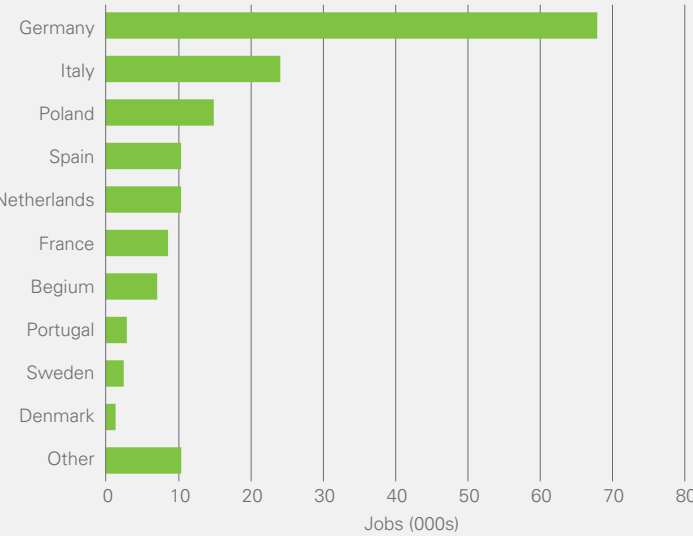
Of the total of 19,000 suppliers, some 7,800 suppliers were in Germany (41% of the total), 2,100 were in Poland (11%), and 1,900 were in the Netherlands (10%).



Source: BP, Oxford Economics

BP's spending with EU27 suppliers stimulated employment

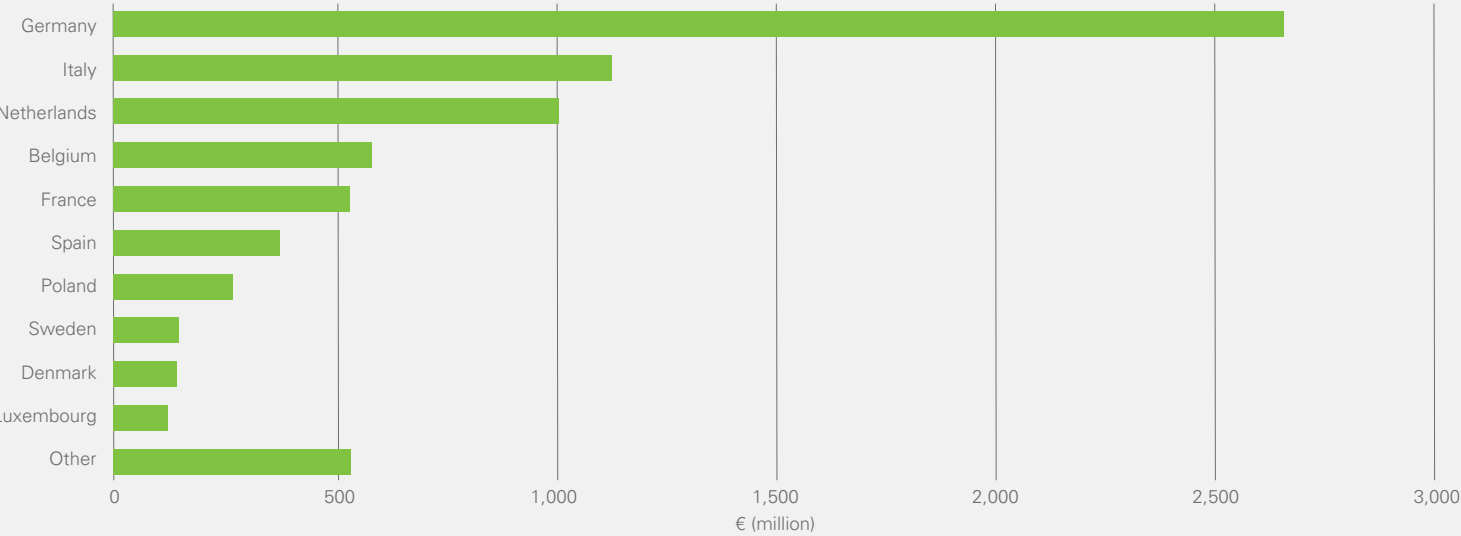
BP's procurement supported an estimated 68,000 jobs in Germany (or 42% of the supply chain total), 24,000 in Italy (15%) and 15,000 in Poland (9%).



Source: Oxford Economics

BP's purchases from suppliers stimulated economic activity in EU27 countries

BP supported an estimated €7.6 billion gross value added contribution to EU27 countries' GDP in 2016, of which 35% was in Germany, 15% in Italy, 13% in the Netherlands and 8% in Belgium.



Source: Oxford Economics

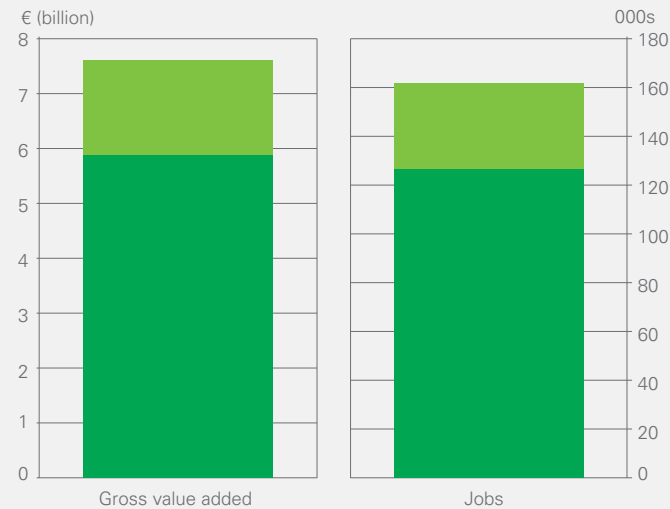
BP's impact on economies across the EU27

Operational spending accounted for the majority of the supply chain impact

Of the total supply chain impact, BP's operational expenditure with suppliers supported 77% of the total gross value added contribution to GDP and 78% of the employment contribution.

BP's capital expenditure supported the other 23% of the gross value added contribution and 22% of the employment contribution.

■ Capital expenditure
■ Operational expenditure



Source: Oxford Economics

BP's total impact on the EU27 economies in 2016 was substantial

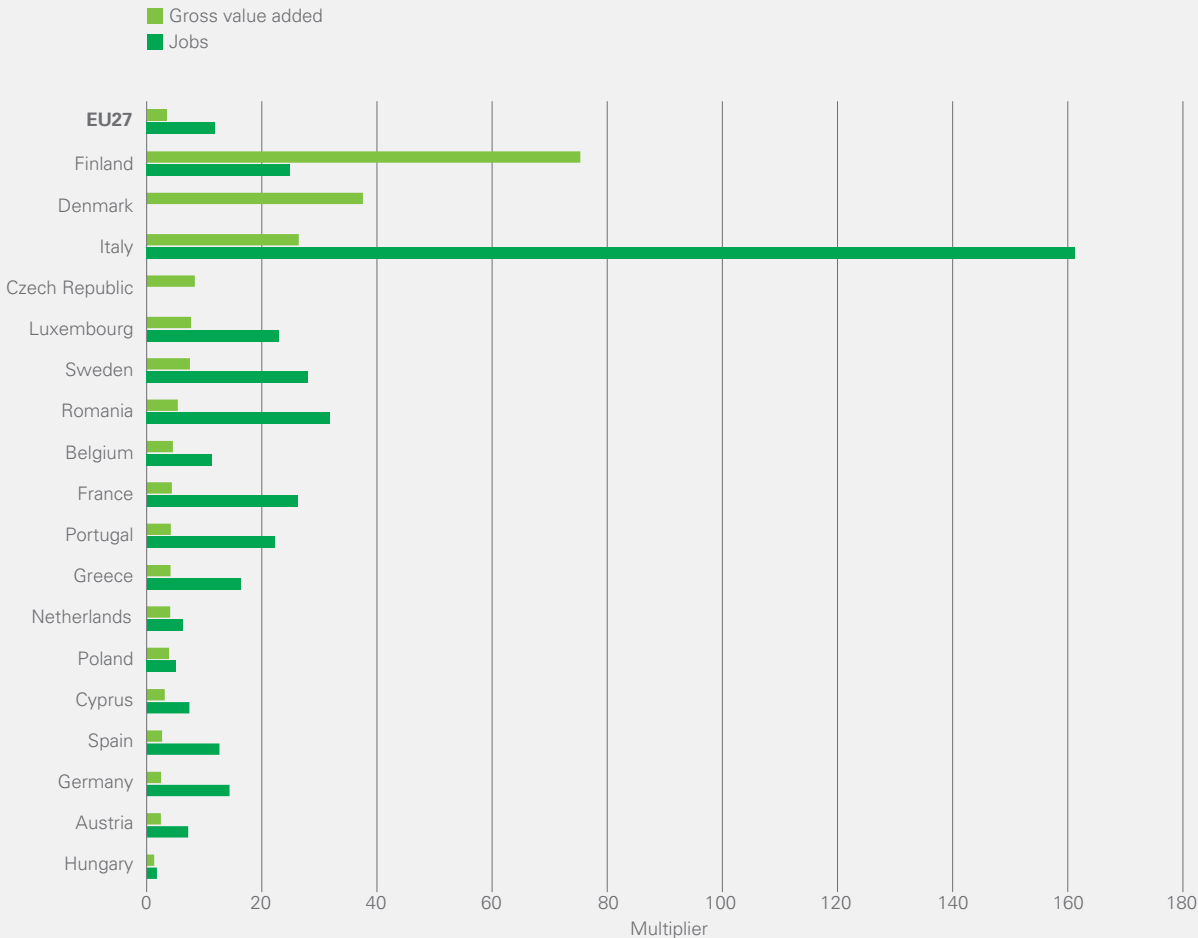
BP's €10.7 billion in direct and indirect gross value added contributions is equivalent to 4.9% of Paris' GDP in 2016.

The 176,000 jobs BP supported directly and indirectly are equivalent to 17% of all employment in Amsterdam.

■ Indirect: capital expenditure
■ Indirect: operational expenditure
■ Direct



Source: Oxford Economics



GVA multiplier:
On average, every €1 of gross value added created by BP itself supported another €2.40 gross value added contribution elsewhere in the EU27 economies.

Jobs multiplier:
For every person BP employed, 11 jobs were supported elsewhere in the EU27.

*Note: BP's employment multiplier was only calculated for countries where BP's headcount was greater than 20 people.

Source: Oxford Economics

BP’s total GVA impact by country

Gross value added (€ million)

EU27 rank	Country	Direct	Supply chain: operational expenditure	Supply chain: capital expenditure	Total	Share of in-country GDP (%)	Share of EU27 total (%)
1	Germany	1,804	2,453	216	4,473	0.14	41.9
2	Netherlands	332	730	284	1,347	0.19	12.6
3	Italy	45	346	790	1,180	0.07	11.1
4	Belgium	168	547	44	758	0.18	7.1
5	France	161	441	99	701	0.03	6.6
6	Spain	229	305	75	610	0.05	5.7
7	Poland	96	232	41	369	0.09	3.5
8	Sweden	23	110	39	172	0.04	1.6
9	Austria	69	80	20	168	0.05	1.6
10	Denmark	4	124	21	149	0.40	1.4
11	Luxembourg	19	114	10	143	0.26	1.3
12	Hungary	98	23	5	127	0.11	1.2
13	Ireland	0	83	20	103	0.04	1.0
14	Portugal	24	64	11	100	0.05	0.9
15	Greece	24	65	9	98	0.06	0.9
16	Finland	1	30	10	41	0.02	0.4
17	Czech Republic	4	26	7	37	0.02	0.3
18	Romania	4	14	4	21	0.01	0.2
19	Cyprus	5	7	3	15	0.09	0.1
20	Slovakia	0	9	3	11	0.01	0.1
21	Malta	0	8	3	11	0.11	0.1

EU27 rank	Country	Direct	Supply chain: operational expenditure	Supply chain: capital expenditure	Total	Share of in-country GDP (%)	Share of EU27 total (%)
22	Lithuania	0	9	1	11	0.03	0.1
23	Slovenia	0	5	2	7	0.02	0.1
24	Bulgaria	0	5	1	7	0.01	0.1
25	Latvia	0	4	1	5	0.02	0.1
26	Estonia	0	3	1	4	0.02	0.0
27	Croatia	0	3	1	4	0.01	0.0
	EU27	3,109	5,841	1,720	10,671	0.09	100.0

	United Kingdom*	5,174	4,670	2,760	12,604	0.54	
	Norway	372	1,202	440	2,013	0.60	
	Switzerland	44	266	55	365	0.06	
	Other Europe	5,589	6,138	3,255	14,982		

Source: BP, Oxford Economics

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

*For consistency, the supply chain gross value added estimates for the UK are consistent with those published in BP, *“BP’s impact on the UK economy in 2016,”* 2017, which uses a UK-specific model rather than a global model. If the global model were used for the UK, the total GDP estimate would be 2.1% higher.

BP’s total jobs impact by country

Jobs (number)

EU27 rank	Country	Direct	Supply chain: operational expenditure	Supply chain: capital expenditure	Total	Share of EU27 total (%)
1	Germany	5,093	63,117	4,816	73,025	41.6
2	Italy	151	6,804	17,333	24,288	13.8
3	Poland	3,650	12,547	2,399	18,596	10.6
4	Netherlands	1,992	7,565	2,866	12,423	7.1
5	Spain	900	8,285	2,147	11,331	6.5
6	France	343	7,056	1,573	8,972	5.1
7	Belgium	691	6,530	600	7,822	4.5
8	Portugal	139	2,461	471	3,072	1.7
9	Sweden	93	1,855	648	2,595	1.5
10	Hungary	1,446	893	198	2,537	1.4
11	Greece	89	1,179	175	1,443	0.8
12	Austria	196	974	236	1,406	0.8
13	Denmark	14	1,182	200	1,396	0.8
14	Czech Republic	3	822	214	1,039	0.6
15	Ireland	1	775	184	960	0.5
16	Romania	27	653	178	858	0.5
17	Luxembourg	26	526	41	593	0.3
18	Lithuania	0	501	84	585	0.3
19	Finland	21	372	129	522	0.3
20	Bulgaria	0	333	98	431	0.2
21	Malta	0	349	56	406	0.2

EU27 rank	Country	Direct	Supply chain: operational expenditure	Supply chain: capital expenditure	Total	Share of EU27 total (%)
22	Slovakia	0	275	79	354	0.2
23	Latvia	0	258	68	326	0.2
24	Cyprus	32	131	73	236	0.1
25	Croatia	0	126	32	158	0.1
26	Slovenia	0	117	36	153	0.1
27	Estonia	0	102	27	129	0.1
	EU27	14,907	125,787	34,963	175,657	100.0
	United Kingdom*	16,685	66,569	37,551	120,805	
	Norway	79	8,313	3,831	12,223	
	Switzerland	78	9,529	1,454	11,060	
	Other Europe	16,842	84,411	42,836	144,088	

Source: BP, Oxford Economics

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*For consistency, the supply chain employment estimates for the UK are consistent with those published in BP, “BP’s impact on the UK economy in 2016,” 2017, which uses a UK-specific model rather than a global model. If the global model were used for the UK, the total employment estimate would be 3.4% higher.

BP's impact across the EU27

Austria
€170m GVA 1
1,400 jobs supported

Belgium
€760m GVA 2
7,800 jobs supported

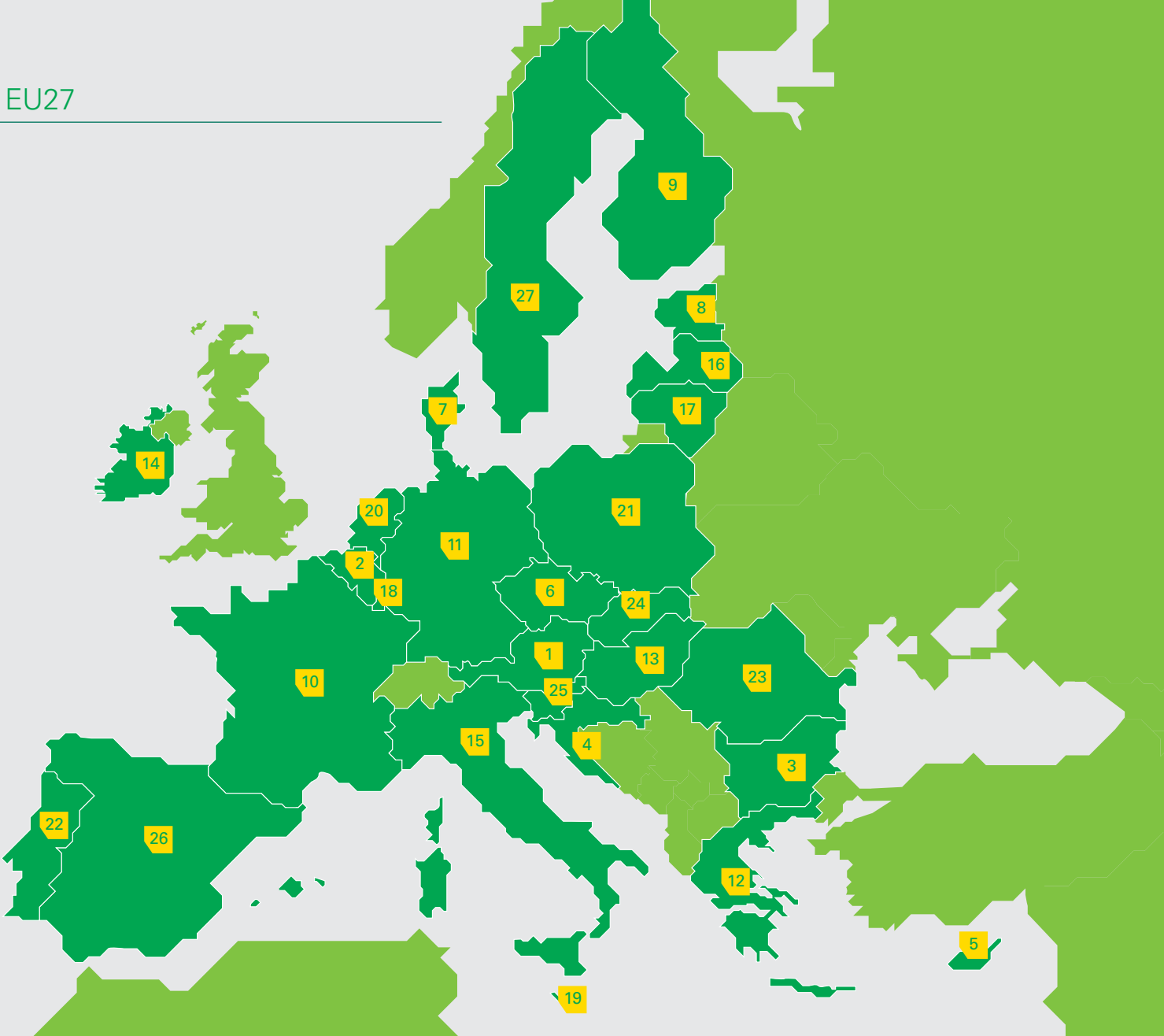
Bulgaria
€7m GVA 3
430 jobs supported

Croatia
€4m GVA 4
160 jobs supported

Cyprus
€15m GVA 5
240 jobs supported

Czech Republic
€37m GVA 6
1,000 jobs supported

Countries listed in alphabetical order



Denmark
€150m GVA 7
1,400 jobs supported

Estonia
€4m GVA 8
130 jobs supported

Finland
€40m GVA 9
520 jobs supported

France
€700m GVA 10
9,000 jobs supported

Germany
€4,500m GVA 11
73,000 jobs supported

Greece
€100m GVA 12
1,400 jobs supported

Hungary
€130m GVA 13
2,500 jobs supported

Ireland
€100m GVA 14
1,000 jobs supported

Italy
€1,200m GVA 15
24,300 jobs supported

Latvia
€5m GVA 16
330 jobs supported

Lithuania
€11m GVA 17
600 jobs supported

Luxembourg
€140m GVA 18
600 jobs supported

Malta
€11m GVA 19
400 jobs supported

Netherlands
€1,300m GVA 20
12,400 jobs supported

Poland
€370m GVA 21
18,600 jobs supported

Portugal
€100m GVA 22
3,100 jobs supported

Romania
€21m GVA 23
860 jobs supported

Slovakia
€11m GVA 24
350 jobs supported

Slovenia
€7m GVA 25
150 jobs supported

Spain
€600m GVA 26
11,300 jobs supported

Sweden
€170m GVA 27
2,600 jobs supported

Source: BP, Oxford Economics
Totals in this report may not always be equal to the sum of component parts due to rounding.

Glossary

BP, unless otherwise stated, includes BP p.l.c. itself and its subsidiaries.

Capital spending is spending on goods that are not fully used up in the year of purchase.

Currency values, unless otherwise stated, are in 2016 prices and exchange rates.

Direct impacts are jobs and gross value added generated by BP's own operations.

EU27 is the 28 European Union countries less the United Kingdom.

Employment is the number of people who are employed or self-employed. In this study, it is measured on a headcount basis for comparison with national statistics in each country.

Gross value added (GVA) is the difference between the turnover of a firm or industry and the bought-in costs needed to create that turnover. Equivalently, gross value added is the combined value of compensation of employees, company profits, and taxes on production. Summed up for all firms in an economy, gross value added is equal to GDP (with minor adjustments for taxes and subsidies).

Gross domestic product (GDP) is the sum of gross value added across every firm and industry in the economy, after minor adjustments for taxes and subsidies. GDP is the most commonly used metric to judge the rate at which economies are growing, and is used when references are made to economies entering or exiting a recession.

Indirect impacts, or supply chain impacts, are jobs and gross value added supported by BP's capital and non-capital spending on goods and services.

Non-capital spending is spending on goods and services that are used up in the year of purchase.

Methodology

For a description of the methodology used in performing this analysis, please refer to the information at bp.com/eu27economicimpact

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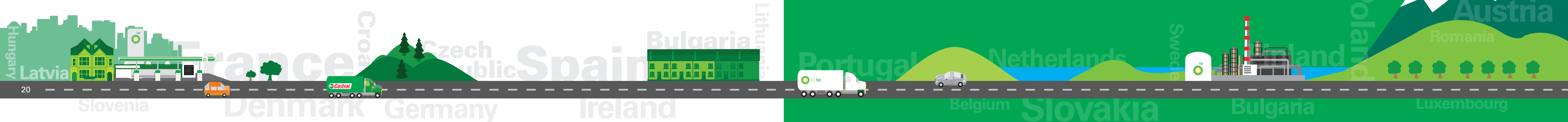
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