



## The Petroleum Industry

(also referred to as the downstream sector) includes:

- Stabilising, refining and manufacturing
- Storage, blending and distribution
- Retail sale of automotive fuel

The main products of the downstream sector are transport fuels (aviation fuel, diesel and unleaded petrol) which can amount to 60% of a refinery output. The market for transport fuels in the UK amounts to about 50 million tonnes per year and this is split into commercial and retail markets as well as aviation. The commercial market includes industrial transport (cars, trucks, buses, and trains), marine (marine diesel for ships) and agriculture (tractors etc), as well as Government; which includes public services and military vehicles.

The industry is creating new "greener" fuels such as biodiesel/ bioethanol made from renewable sources such as vegetable oils/ wheat, to reduce harm to the environment. The UK Petroleum Industry Association (UKPIA) has said that by 2009 vehicles will become even cleaner and less polluting. Hybrid vehicles are likely to become more common, particularly in urban areas. (A hybrid car is a vehicle which operates using a mix of petrol and electric power and causes less pollution).

## Economic picture of the Petroleum Industry<sup>1</sup>

| Industry                       | Turnover        | GVA <sup>2</sup> | GVA per employee           |
|--------------------------------|-----------------|------------------|----------------------------|
| Refined petroleum products     | £31.01bn        | £1.64bn          | £126,308                   |
| Retail sale of automotive fuel | £21.77bn        | £2.24bn          | £39,333                    |
| <b>Totals</b>                  | <b>£52.78bn</b> | <b>£3.88bn</b>   | <b>Average<br/>£55,486</b> |

## Industry details<sup>3</sup>

The UK Refineries are ranked **17th** (out of 26) in Europe for competitive performance

The Petroleum industry accounts for **0.5% of UK GVA**

Number of Refineries: **9**

Refinery throughput (2006): **82 million tonnes**

Refining Capacity: **1.8 million barrels per day** (4th largest in Western Europe)

Gross sales (2005): **£69 billion**

Fuel sales (2006): **50 billion litres**

Petrol sales (2006) **50%**: Diesel sales (2006) **50%**

UK filling stations (2006): **9382** (annual reduction c.600 sites)

Supermarket filling stations (2006): **1191** (13% share of filling stations)

Fuel use by road passenger vehicles has increased by **72%** since 1970

Average CO<sub>2</sub> emissions from new cars are **11%** lower than in 1995

<sup>1</sup>Annual Business Inquiry 2005 – data released November 2006, available through the Office of National Statistics

<sup>2</sup>GVA is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production

<sup>3</sup>UK Petroleum Industry Association (UKPIA) Statistical Review 2007 & UK Energy Sector Indicators 2007

## The Petroleum Industry Workforce<sup>4</sup>

### Workforce Distribution

|                                  |  |
|----------------------------------|--|
| Number of Employers <sup>5</sup> | 200 (7,000 including forecourt retail) |
| Number of Employees <sup>5</sup> | 120,000 (including forecourt retail)*  |
| Age of workforce                 |  |
| – 16-24                          | 7%                                     |
| – 25-34                          | 11%                                    |
| – 35-44                          | 37%                                    |
| – 45-54                          | 32%                                    |
| – 55+                            | 13%                                    |
| Ethnicity                        |  |
| – White                          | 94%                                    |
| – Non-white                      | 6%                                     |
| Gender                           |  |
| – Female                         | 24%                                    |
| – Male                           | 76%                                    |

### Occupation Distribution (excluding forecourt retail)

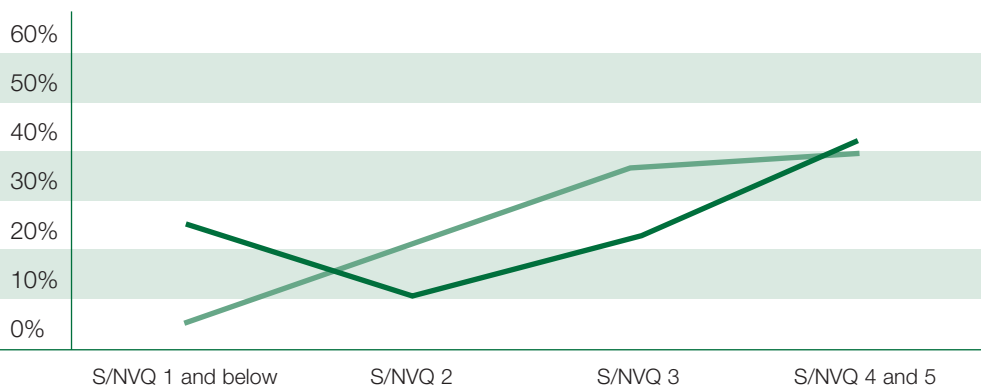
|  |     |
|--|-----|
| Managers and Senior Officials          | 28% |
| Professional Occupations               | 12% |
| Associate Professional and Technical   | 17% |
| Administrative and Secretarial         | 14% |
| Skilled Trades Occupations             | 5%  |
| Sales and Customer Service Occupations | 2%  |
| Process, Plant and Machine Operatives  | 16% |
| Elementary Occupations                 | 5%  |

\* Remaining 1% Personal Service Occupations

\* Industry estimates can exceed ABI employee data due to contractor workforce and SIC limitations

## The Skills Gap<sup>5</sup>

### Skills Gap in the Petroleum Industry



— Skill level of Employees  
— Skill level of Job

There is an over supply of people qualified at S/NVQ level 1 and below compared to the number of jobs at that level in the Petroleum Industry.

Elementary occupations only account for 5% of the overall workforce.

**There is a 20% SURPLUS of people qualified at S/NVQ level 1.**

There is an under supply of people qualified to S/NVQ level 2 and 3 compared to the proportion of jobs at those levels in the Petroleum Industry.

Level 2 and level 3 occupations account for 54% of the Petroleum Industry.

**There is a 20% DEFICIT of people qualified at S/NVQ levels 2 and 3.**

## Standard Industrial Classification (SIC) Listing<sup>6</sup>

|                                     |       |         |         |       |
|-------------------------------------|-------|---------|---------|-------|
| The Petroleum Industry by SIC code: | 23.10 | 23.20/1 | 23.20/2 | 50.50 |
|-------------------------------------|-------|---------|---------|-------|

<sup>4</sup>Labour Force Survey January - December 2006

<sup>5</sup>Cogent Industry Estimates

<sup>6</sup>Office of National Statistics - Standard Industrial Classification (SIC) 2003

## Contact Details

### office address

Cogent SSC Ltd, Unit 5,  
Mandarin Court, Centre Park,  
Warrington, Cheshire WA1 1GG

### e-mail address

research@cobgent-ssc.com

### website

www.cogent-ssc.com

Data valid until June 2008

