Who Moves Oil?

Trace how trade rules and producer agreements change oil shipments.

GE.4.3 "Explain how governments and cartels/syndicates influence world trade."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline actions taken by governments, and circle actions taken by oil producers acting together. Number the effects each action could have on trade so you can trace what happens next.

Changing Routes for a Barrel of Oil

1. A refinery needs crude oil, but its usual supplier is no longer an option. In December 2022, the European Union began banning most seaborne imports of Russian crude oil. This government policy did not stop the world from using oil. Instead, many European buyers sought other suppliers, while Russia sent more oil to buyers such as India and China. A barrel might now travel to a different port than it once did. Refineries still needed oil, and exporters still wanted customers, but the rules changed which deals could take place.

2. Oil producers can also influence trade by acting together. The Organization of the Petroleum Exporting Countries, or OPEC, is a group of oil-exporting countries that coordinates production targets. It sometimes works with other producers in a wider group called OPEC+. If members collectively limit production, less oil may be available for export. With demand unchanged, tighter supply can push prices upward, making imports more costly for buyers. Yet a target does not guarantee a price: members may produce more than planned, and other producers can increase output. Changes in demand can also move prices.

3. Governments have other tools besides import bans. An importing country might place a tariff, or tax, on foreign oil. The tax raises the cost of bringing that oil across its border and may lead buyers to choose another source or buy less. A tariff acts at one country's border, while an OPEC production decision can affect the supply available to buyers in many countries. Their effects can overlap: an importer facing expensive oil may respond differently if producers also restrict supply. To explain a trade change, look at who made the decision, what changed, and how buyers and sellers could respond.

2 ANSWER WITH EVIDENCE

Use the passage

1. How did the European Union's import ban change where Russian oil could be sold and where European buyers looked for oil?

2. If OPEC+ members follow a decision to limit production, how could that decision affect oil importers?

3. Why might a tariff change one country's oil purchases without changing every country's oil purchases in the same way?

4. Why might an OPEC+ production target have less effect on oil prices than its members expect?

3 YOUR TURN

Your own words

Imagine several coffee-exporting companies form a syndicate and agree to limit sales, while an importing government adds a tariff on coffee. In five sentences, explain how each action could change world trade and identify one factor that could limit either effect.

Who Moves Oil?

PART 1 · READ AND MARK

Underline actions taken by governments, and circle actions taken by oil producers acting together. Number the effects each action could have on trade so you can trace what happens next. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How did the European Union's import ban change where Russian oil could be sold and where European buyers looked for oil?	**It blocked most Russian crude arriving by sea in the EU. European buyers sought other suppliers, while Russia sent more oil to buyers such as India and China.**
2	If OPEC+ members follow a decision to limit production, how could that decision affect oil importers?	**Less oil could be available for export, pushing prices upward if demand stays the same and making imports more costly.**
3	Why might a tariff change one country's oil purchases without changing every country's oil purchases in the same way?	**The tariff raises the cost of bringing foreign oil across that country's border. Buyers elsewhere do not face that tariff.**
4	Why might an OPEC+ production target have less effect on oil prices than its members expect?	**Members might produce more than planned, other producers might increase output, or demand might change.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

If the companies limit coffee sales, less coffee may reach international buyers. With demand unchanged, that smaller supply could push prices upward. The tariff raises the cost of importing coffee into one country, so its buyers may purchase less from abroad. Together, the actions could reduce coffee shipments to that country, though they work in different ways. The syndicate's effect might be limited if coffee exporters outside the group sell more.

Accept responses that distinguish a border policy from coordinated limits on supply and describe a plausible effect on buyers, sellers, prices, or trade routes. Price changes should be stated as possibilities, not certainties.