

Principle VIII

Durable extractive contracts are underpinned by a **balanced fiscal system** that provides for a **revenue stream to the host government for each year of commercial resource production** combined with **responsive fiscal terms** that allow for the **automatic adjustment** of revenue or production allocation to prevailing market conditions (variable with commodity price, production volume, resource quality, or project profitability).

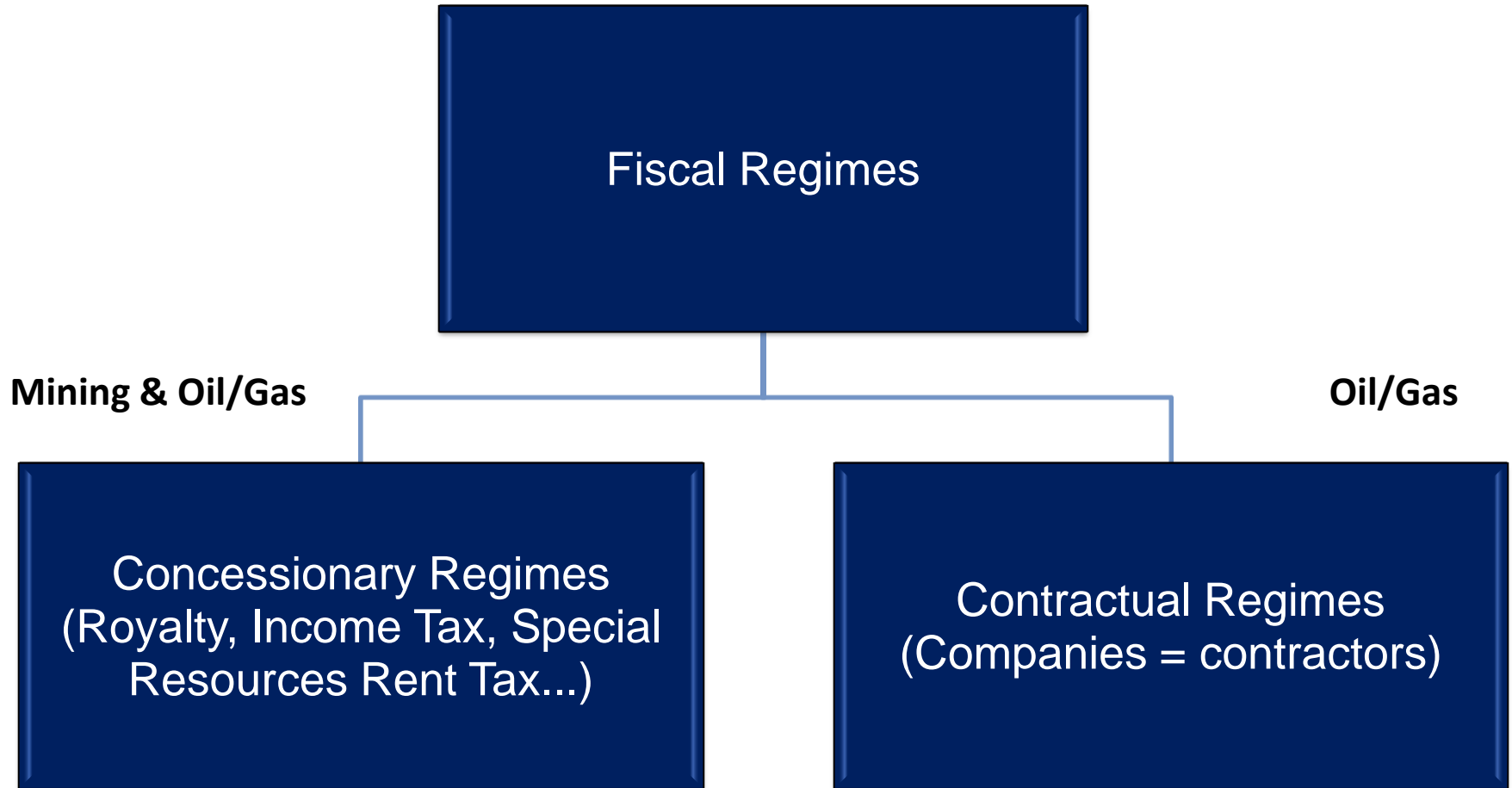
Extractive Industry Fiscal Regimes

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graph TD; A[Fiscal Regimes] --- B["Concessionary Regimes  
(Royalty, Income Tax, Special Resources Rent Tax...)"]
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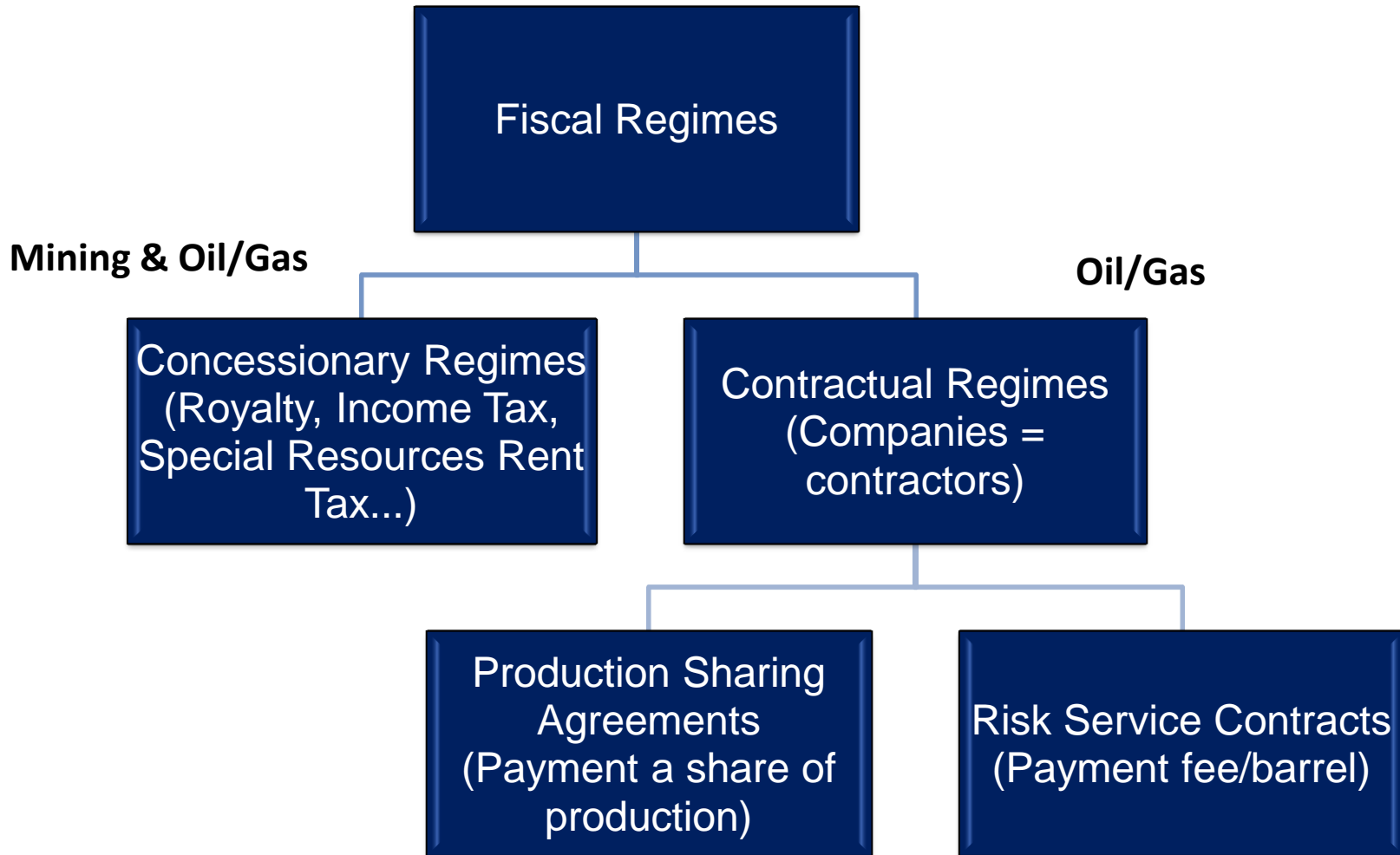
Fiscal Regimes

Concessionary Regimes
(Royalty, Income Tax, Special
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Extractive Industry Fiscal Regimes



Extractive Industry Fiscal Regimes

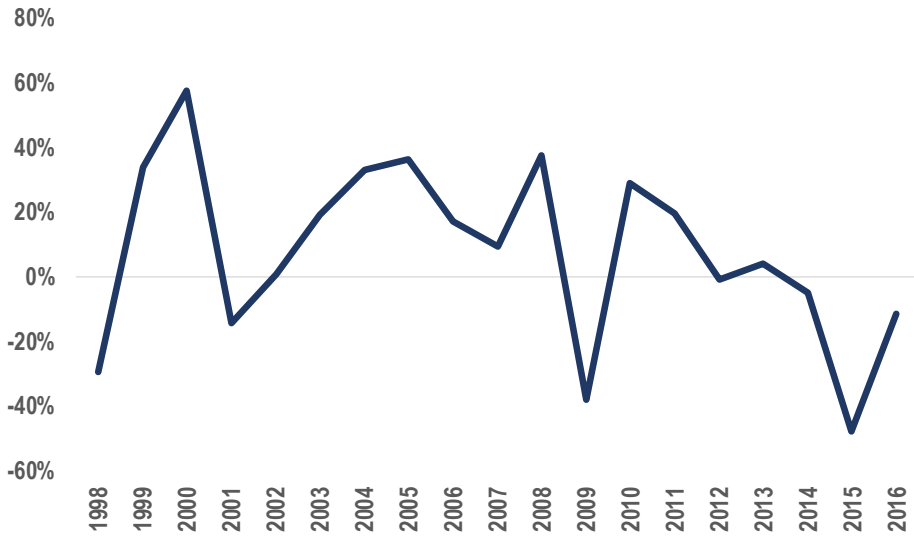


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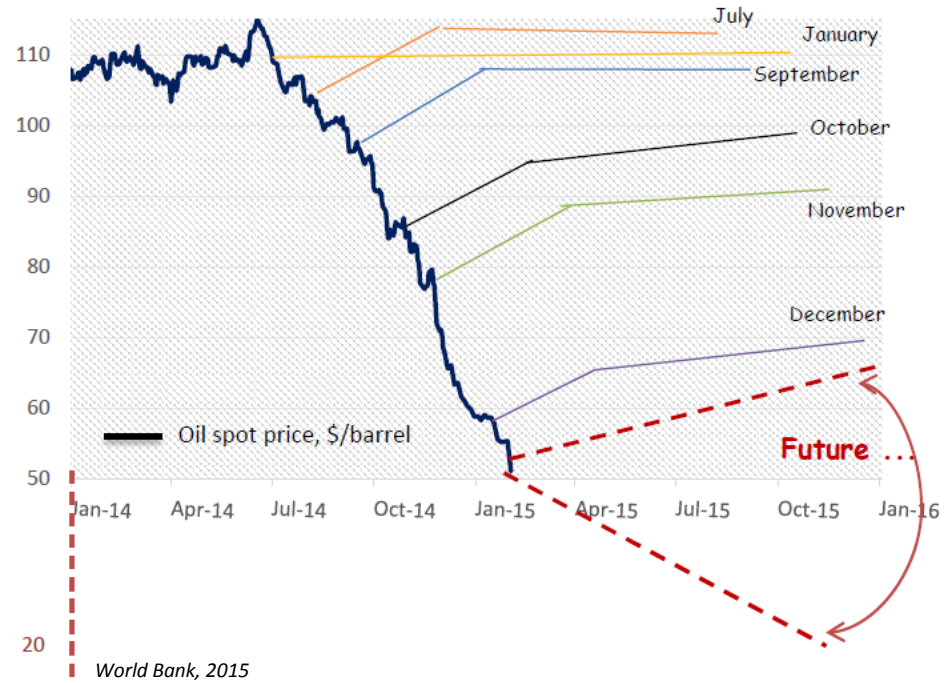
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Commercial Risk

Yearly WTI Crude Oil Nominal Price Change



Source: World Bank, Commodity Markets, Jun 2017



World Bank, 2015

Cost-Price overlooked relationship

