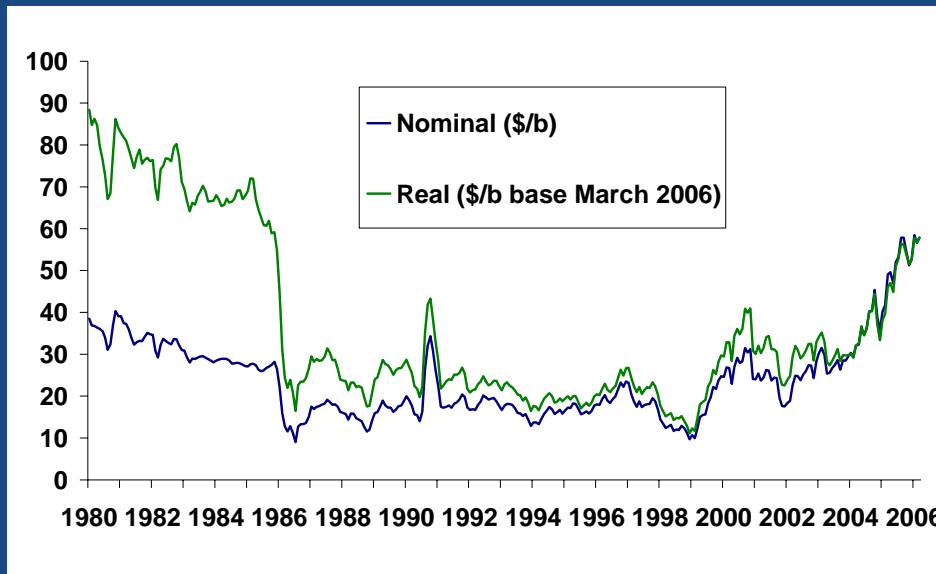


Developments in international energy markets and the impact on Arab countries

Mohammed Barkindo
Acting for the Secretary General

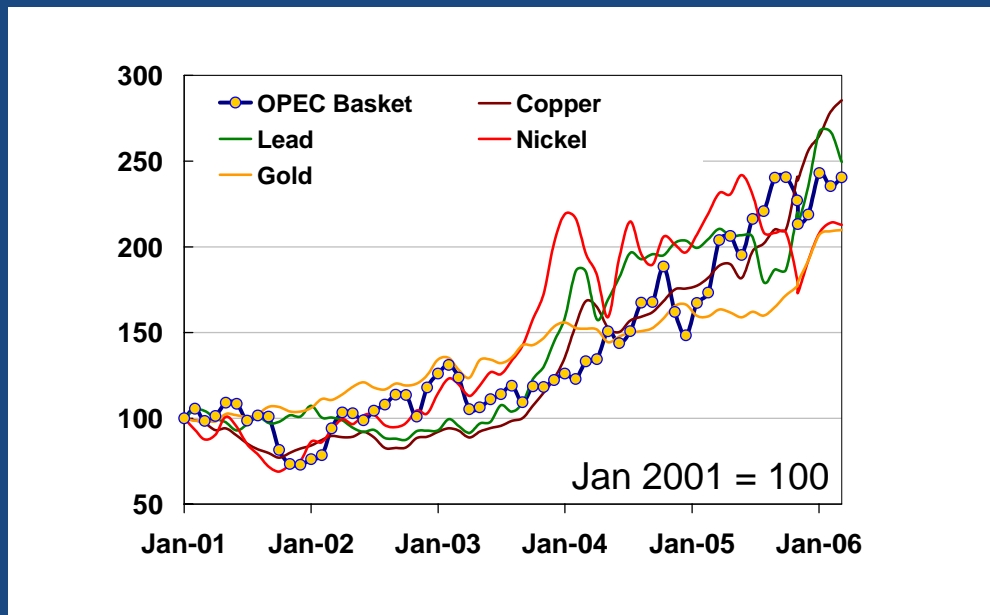
Panel discussion
8th Arab Energy Conference
Amman, Jordan
14–17 May 2006

OPEC Reference Basket price (nominal and real) and non-energy commodity prices

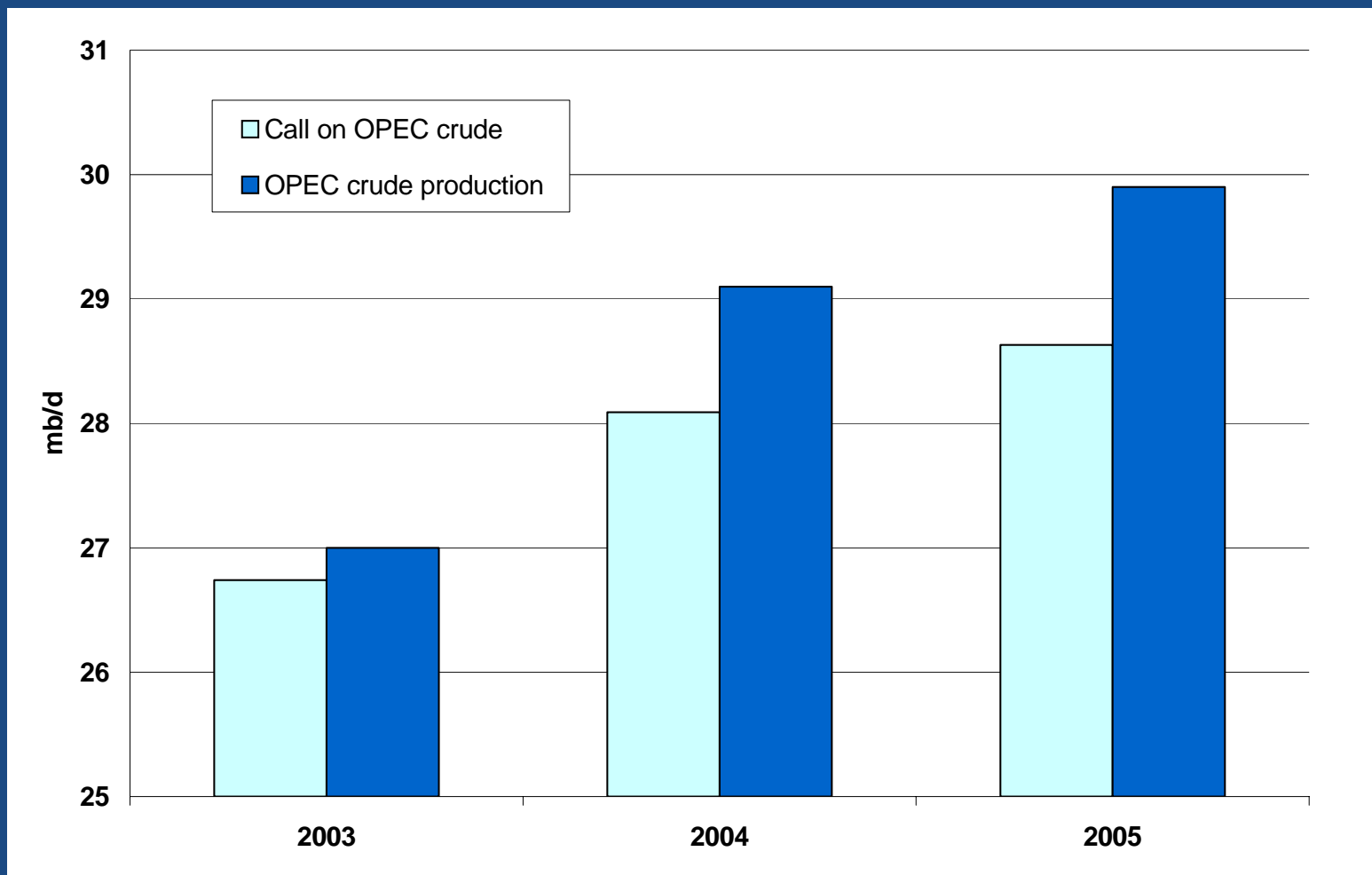


← The real price is still well below historical highs

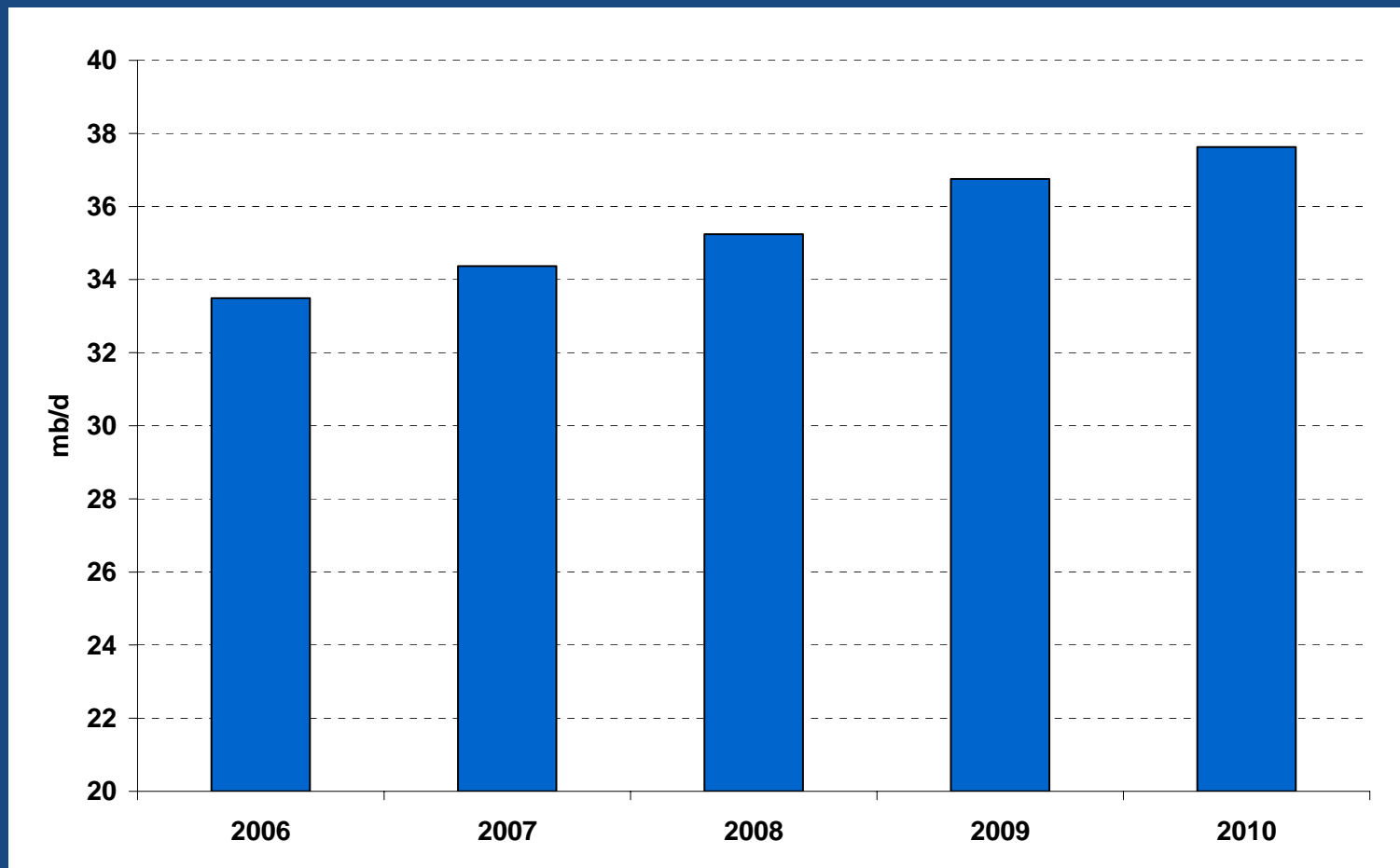
Non-energy commodity prices have also risen →



OPEC crude oil supply has risen by 4.5 mb/d since 2002



OPEC crude capacity continues to expand



Convergence of factors have led to the increase in nominal prices and volatility

- ❑ Strong economic growth
- ❑ Slower non-OPEC supply growth
- ❑ Downstream tightness
- ❑ Geopolitical concerns
- ❑ Natural disasters
- ❑ Heightened speculation

Oil demand outlook in the reference case

mb/d

	2005	2010	2015	2020	2025
OECD	49.8	51.5	52.8	53.8	54.6
DCs	28.7	34.2	40.0	46.3	52.9
Transition economies	4.7	5.0	5.3	5.5	5.7
World	83.2	90.7	98.0	105.6	113.1

- World economic growth averages 3.5% pa over next two decades
- “Dynamics-as-usual”: no new strong policy drives
- Oil demand increases by 30 mb/d by 2025, or 1.5 mb/d annually
- Four-fifths of increase in demand comes from developing countries
- Transportation continues to be dominant source of growth (~60 %)

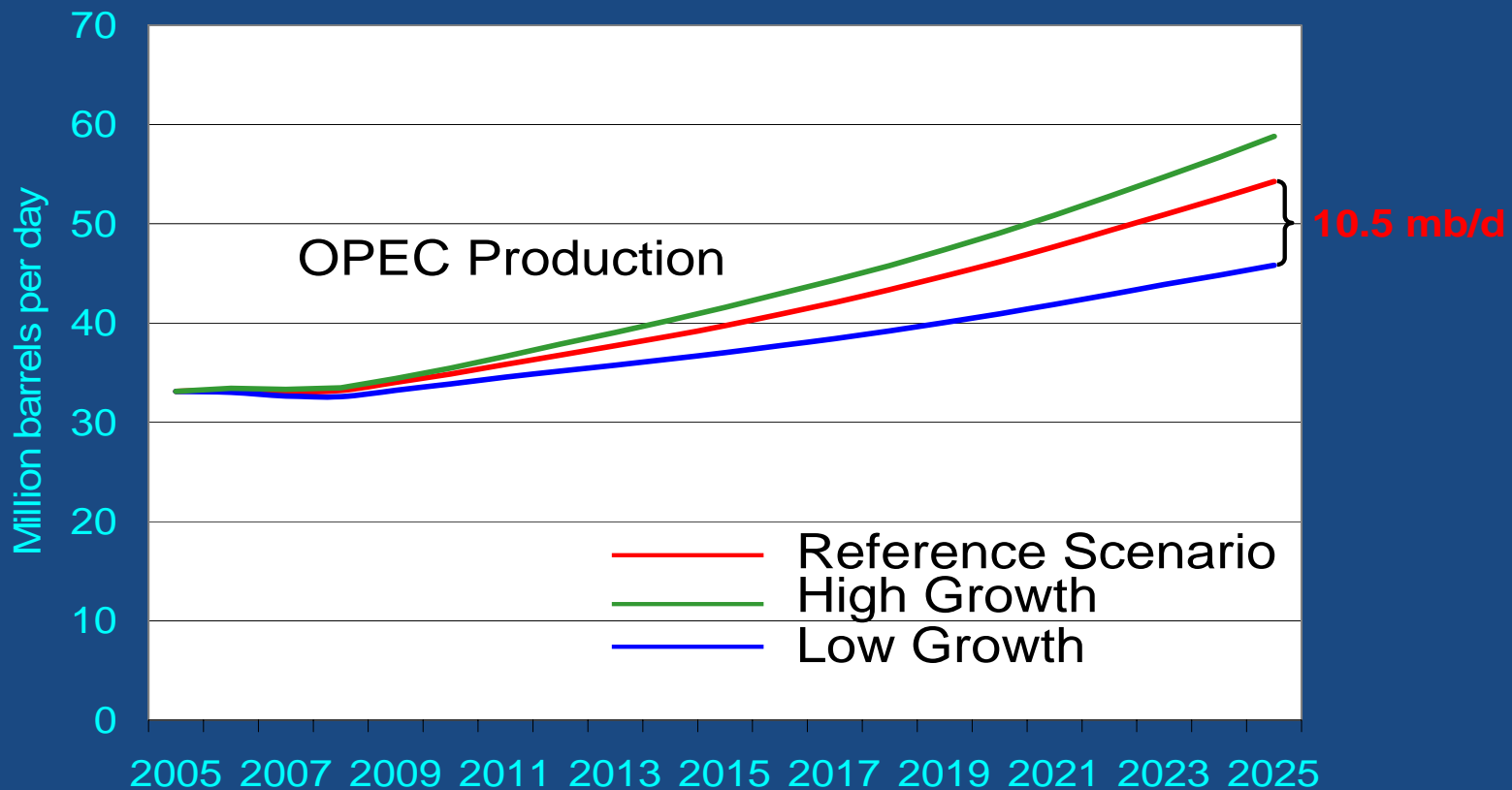
Oil supply outlook in the reference case

mb/d

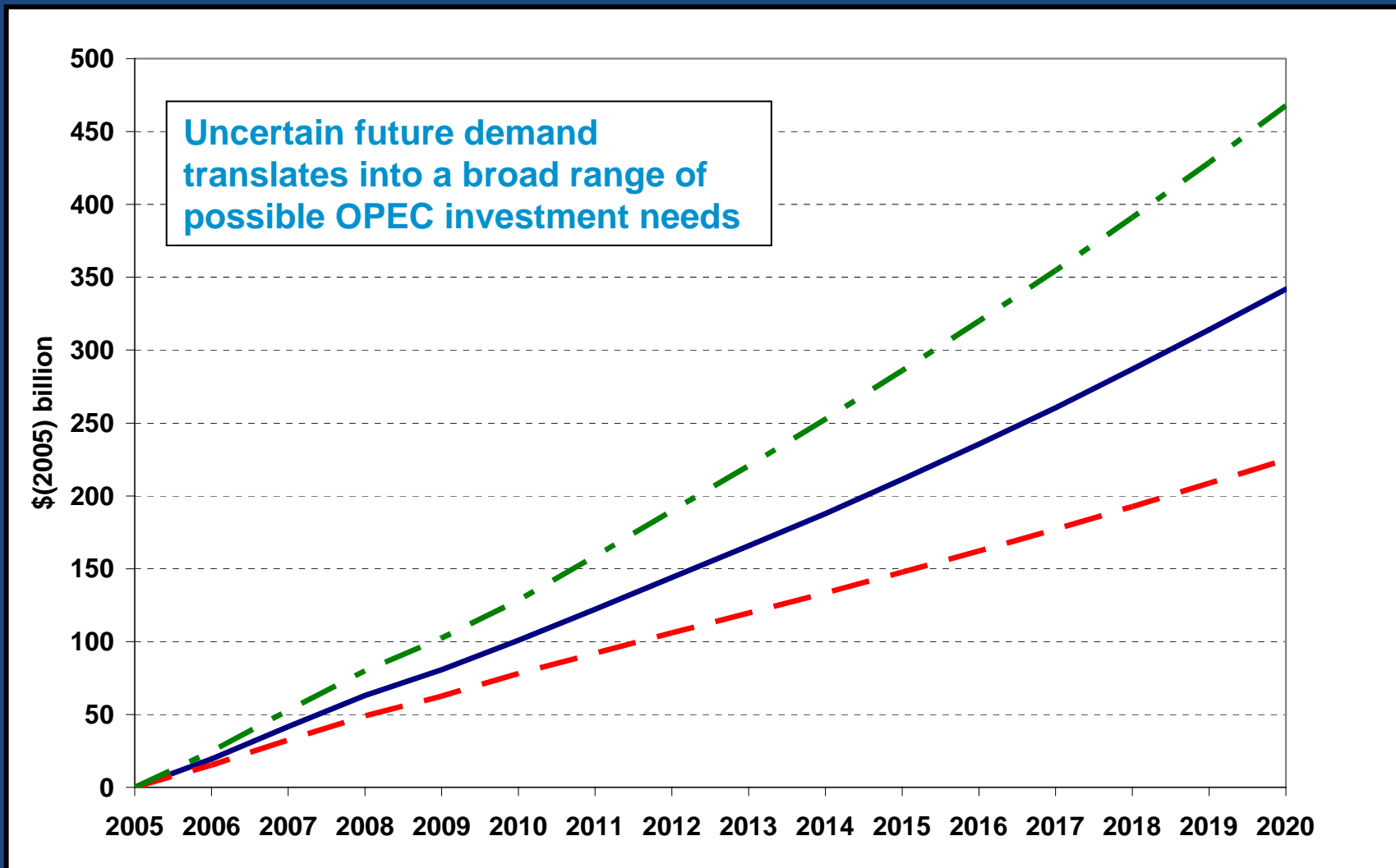
	200	2010	2015	2020	2025
OECD	20.5	20.6	20.7	20.5	19.5
DCs, excl. OPEC	16.1	18.6	19.7	20.0	19.9
Transition economies	11.7	14.4	15.5	16.1	16.5
Total non-OPEC	50.1	55.8	58.3	59.4	58.9
OPEC (incl. NGLs)	33.1	34.9	39.7	46.2	54.3
World	83.2	90.7	98.0	105.6	113.1

Non-OPEC increase: Latin America, Africa, Russia, Caspian

Oil demand growth uncertainties



Cumulative investment in OPEC: three scenarios



OPEC's objectives

- Ensuring the stabilisation of prices in international oil markets, with a view to eliminating harmful and unnecessary fluctuations.
- Securing an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on their capital to those investing in the petroleum industry.

OPEC Statute, 1961

League of Arab States

Members producing more than 100,000 b/d

2005, thousand b/d

Algeria*	1,349
Bahrain	187
Egypt	579
Iraq*	1,830
Kuwait*	2,504
SP Libyan AJ*	1,642
Oman	710
Qatar*	795
Saudi Arabia*	9,404
Sudan	338
Syrian Arab Republic	427
United Arab Emirates*	2,447
Yemen	384



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