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OPEC and non-OPEC

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Acting for the Secretary General

Balancing the interests of consumers and producers

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Outline

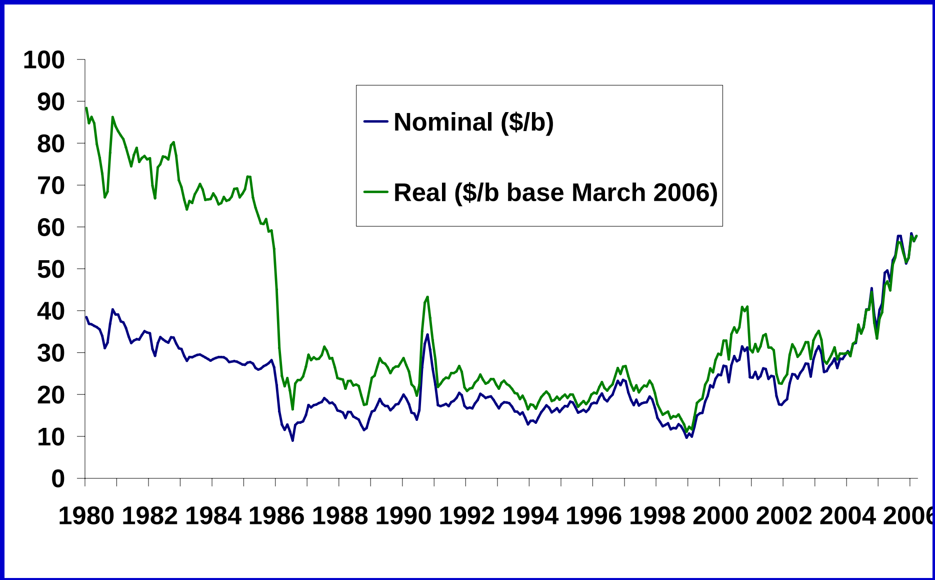
Current market situation

OPEC and non-OPEC
- Relationship
- Present role
- Future role

Long-term oil outlook

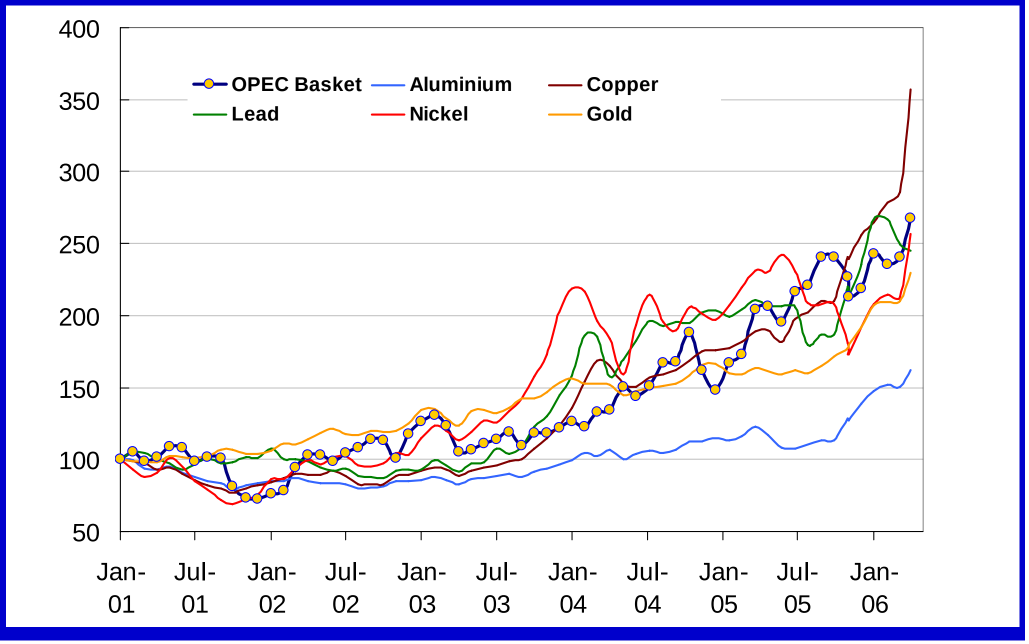
Concluding remarks
- Investment
- Dialogue and cooperation
- Meeting future challenges

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



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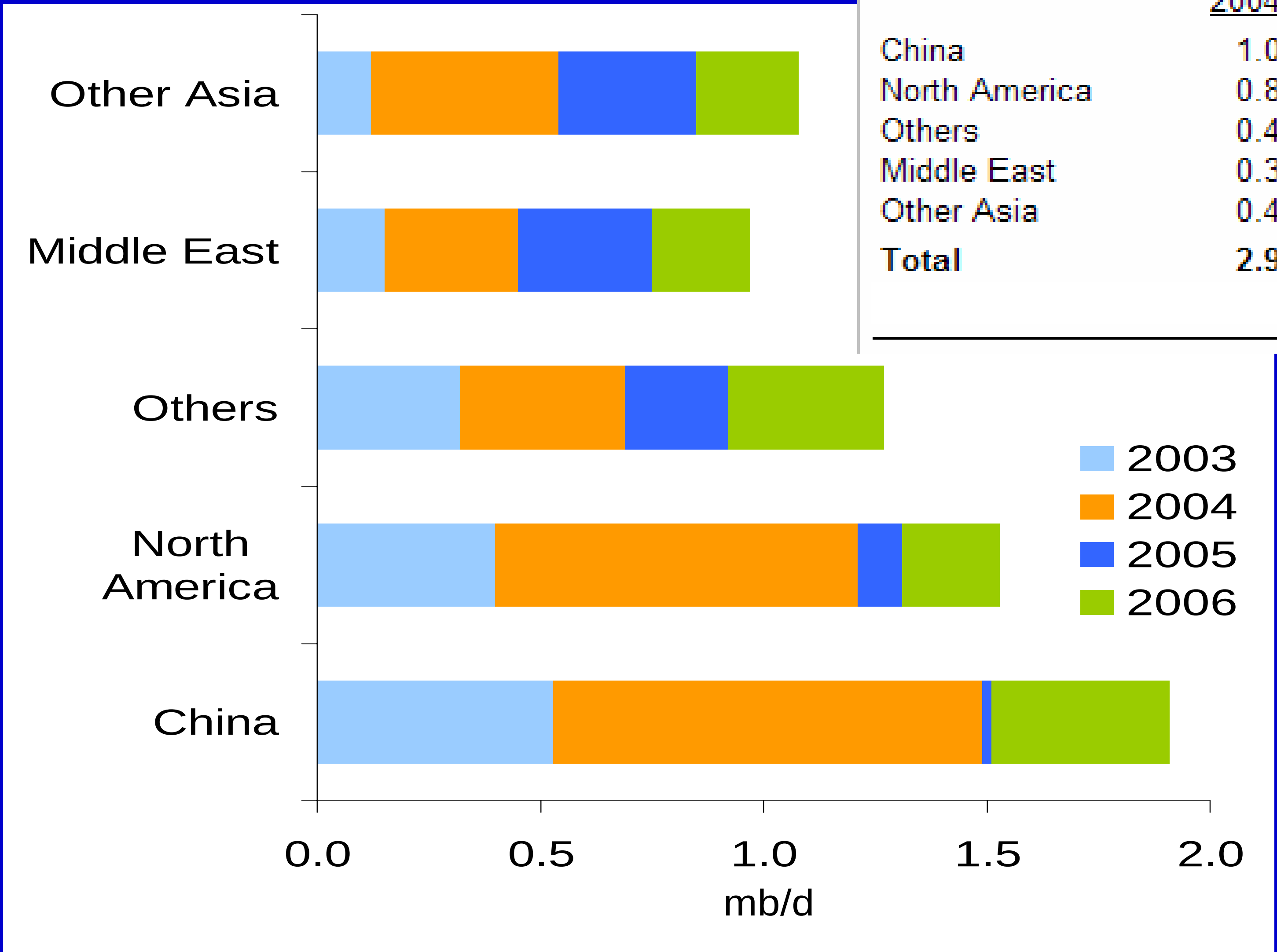
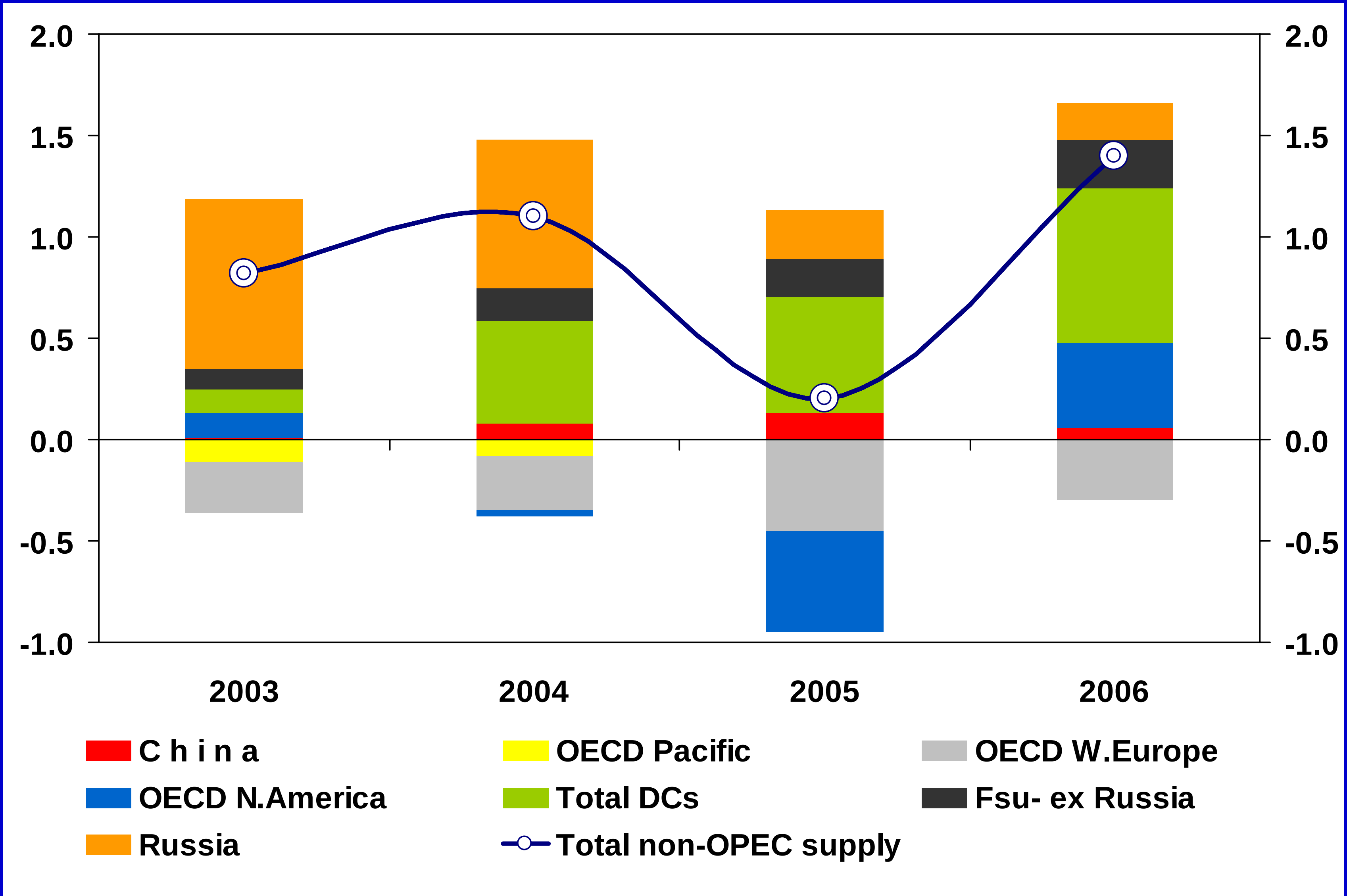
Recent oil market developments: high demand growth



Oil demand growth (mb/d)

	2004	2005	2006
China	1.0	0.0	0.4
North America	0.8	0.1	0.2
Others	0.4	0.2	0.4
Middle East	0.3	0.3	0.2
Other Asia	0.4	0.3	0.2
Total	**2.9**	**1.0**	**1.4**

Supply chain tightness: non-OPEC supply



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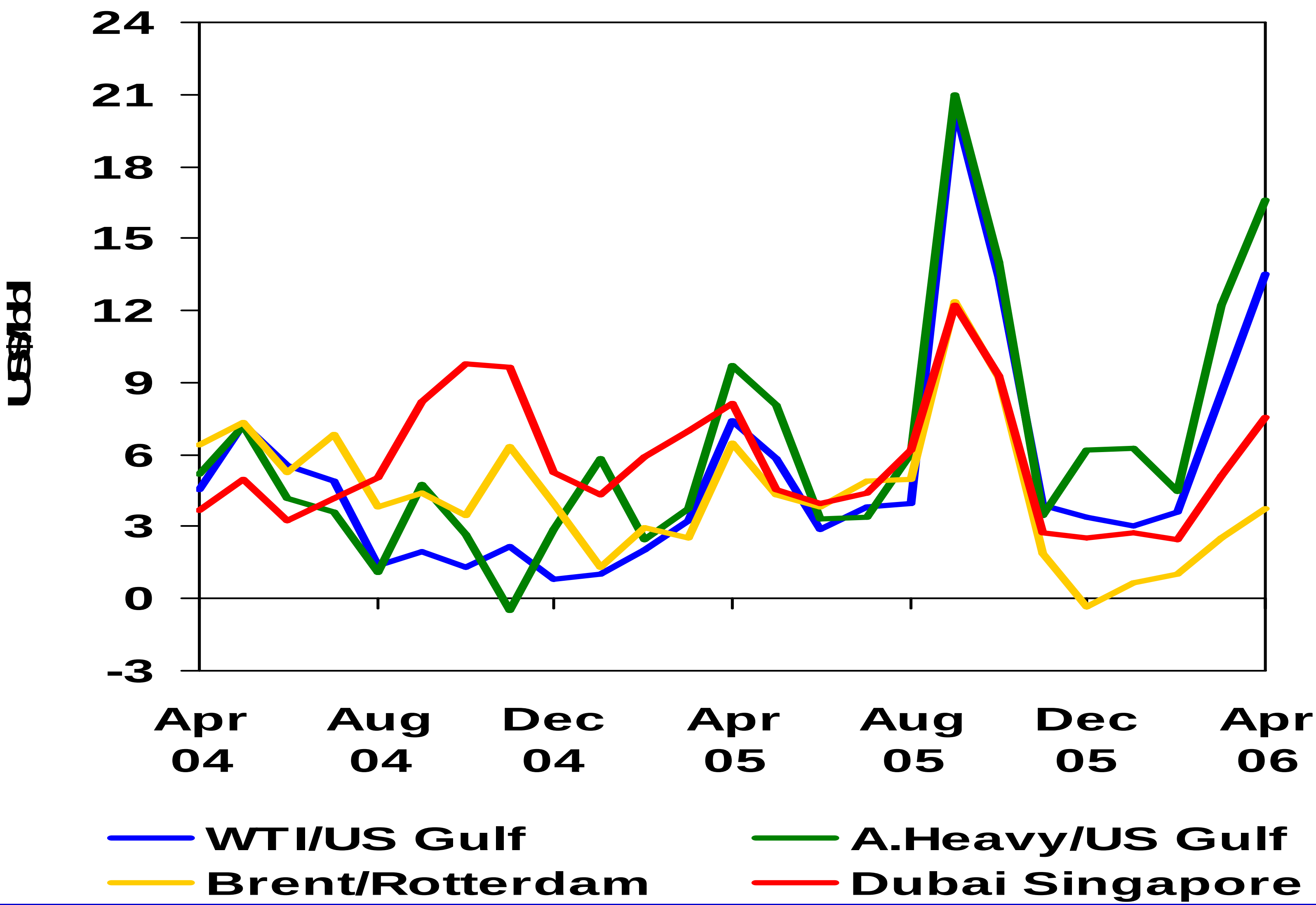
Supply chain tightness: downstream bottlenecks

Refinery capacity utilization rates



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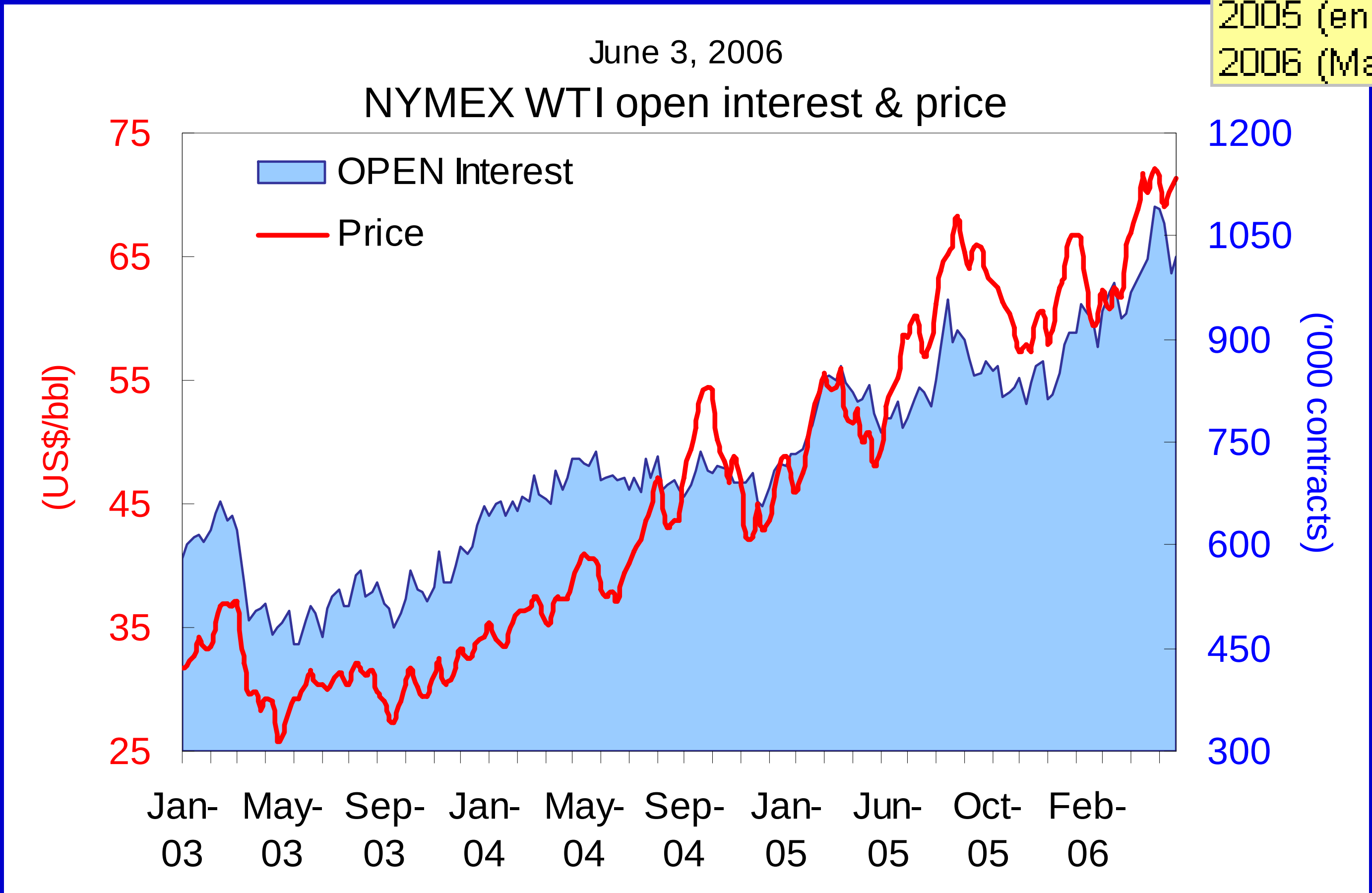
Increasing activity in futures market

- ♦ A new inflow of capital movement by hedge and pension funds into the futures market
- ♦ Open interest passed one million contracts now!

	Open interest ('000 contracts)	Change
2003 (end)	587.4	6.6
2004 (end)	656.5	69.0
2005 (end)	818.8	162.4
2006 (May)	1068.8	250.0



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

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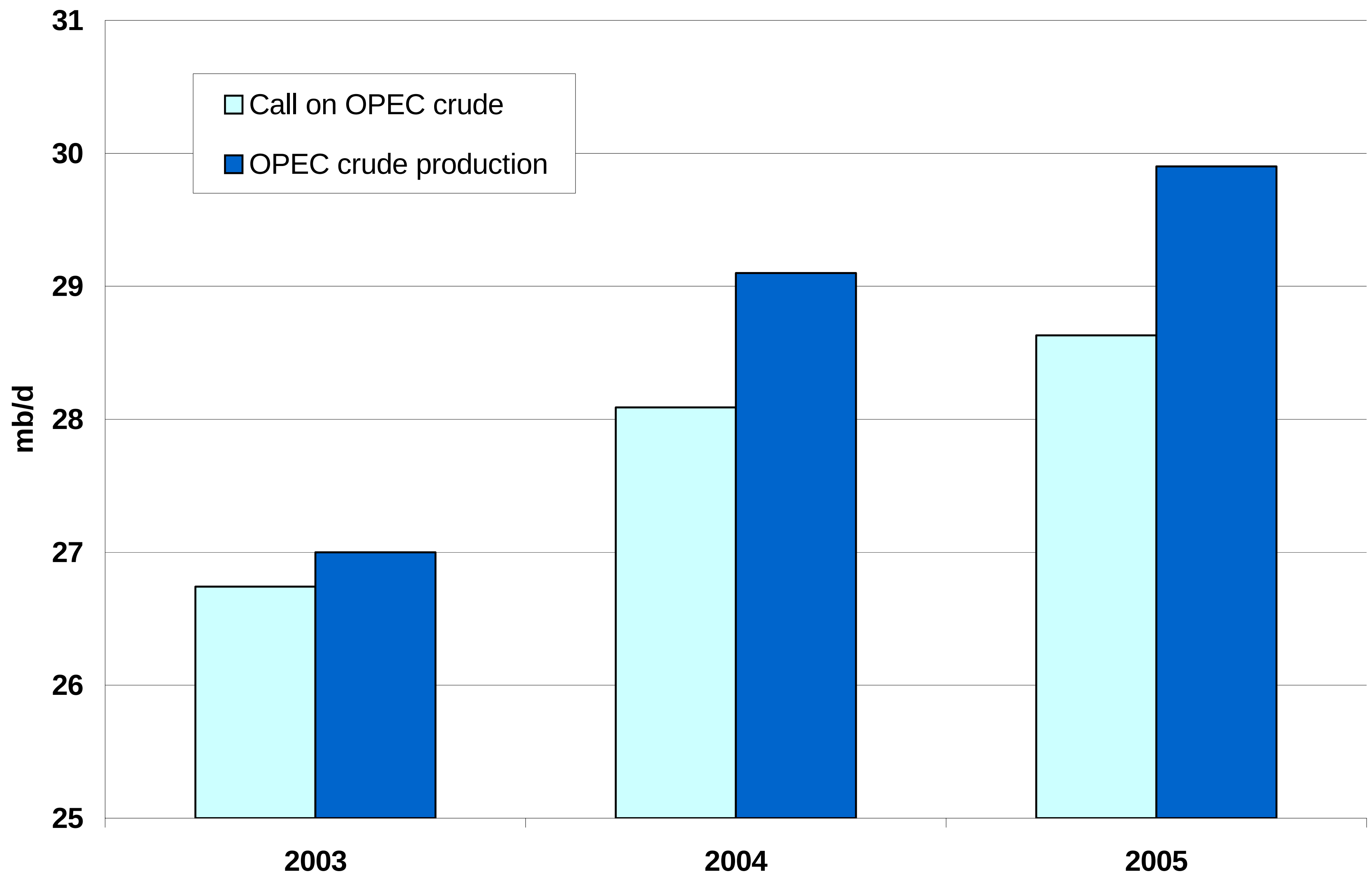
OPEC crude oil supply has risen by 4.5 mb/d since 2002



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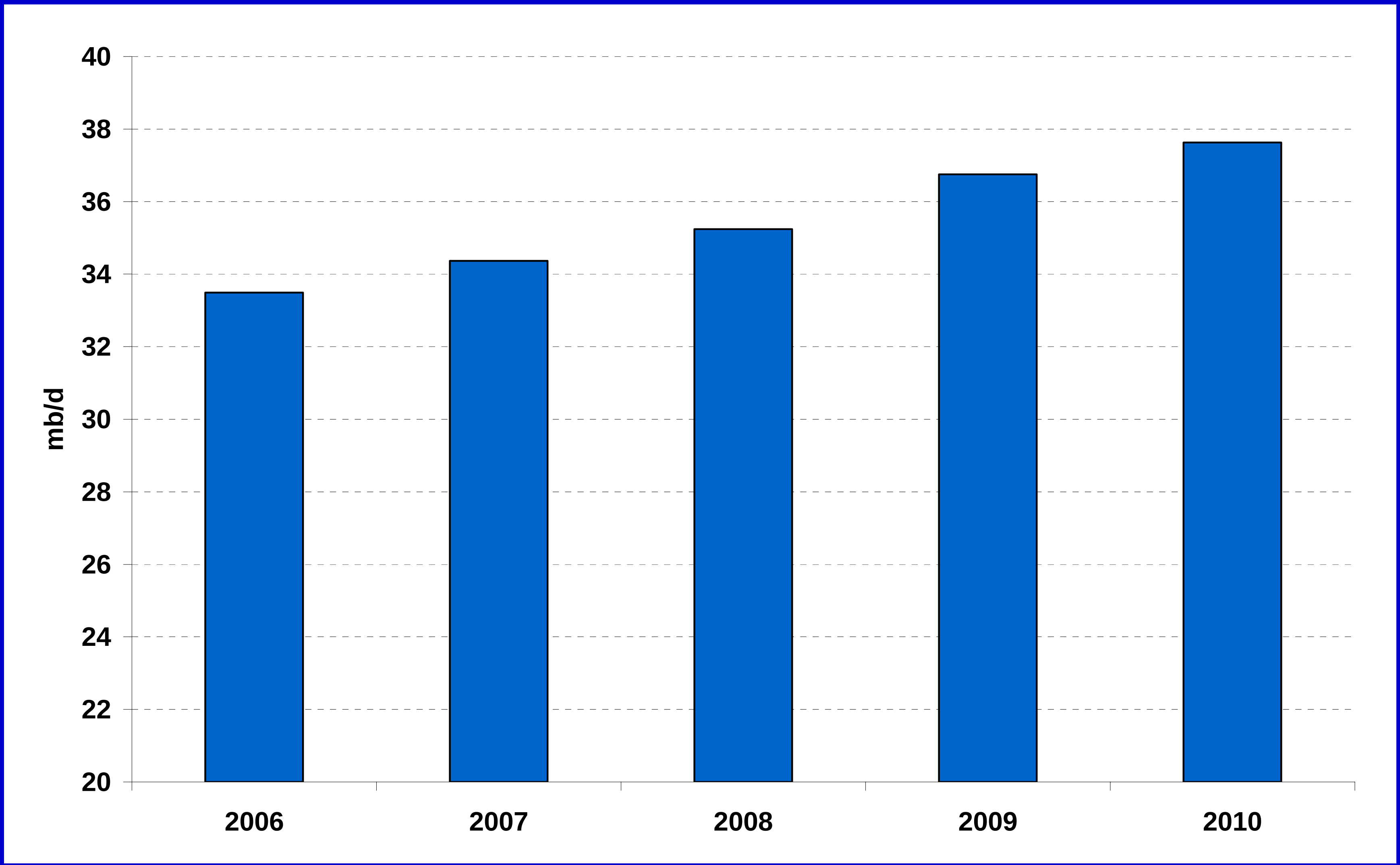
OPEC crude capacity continues to expand



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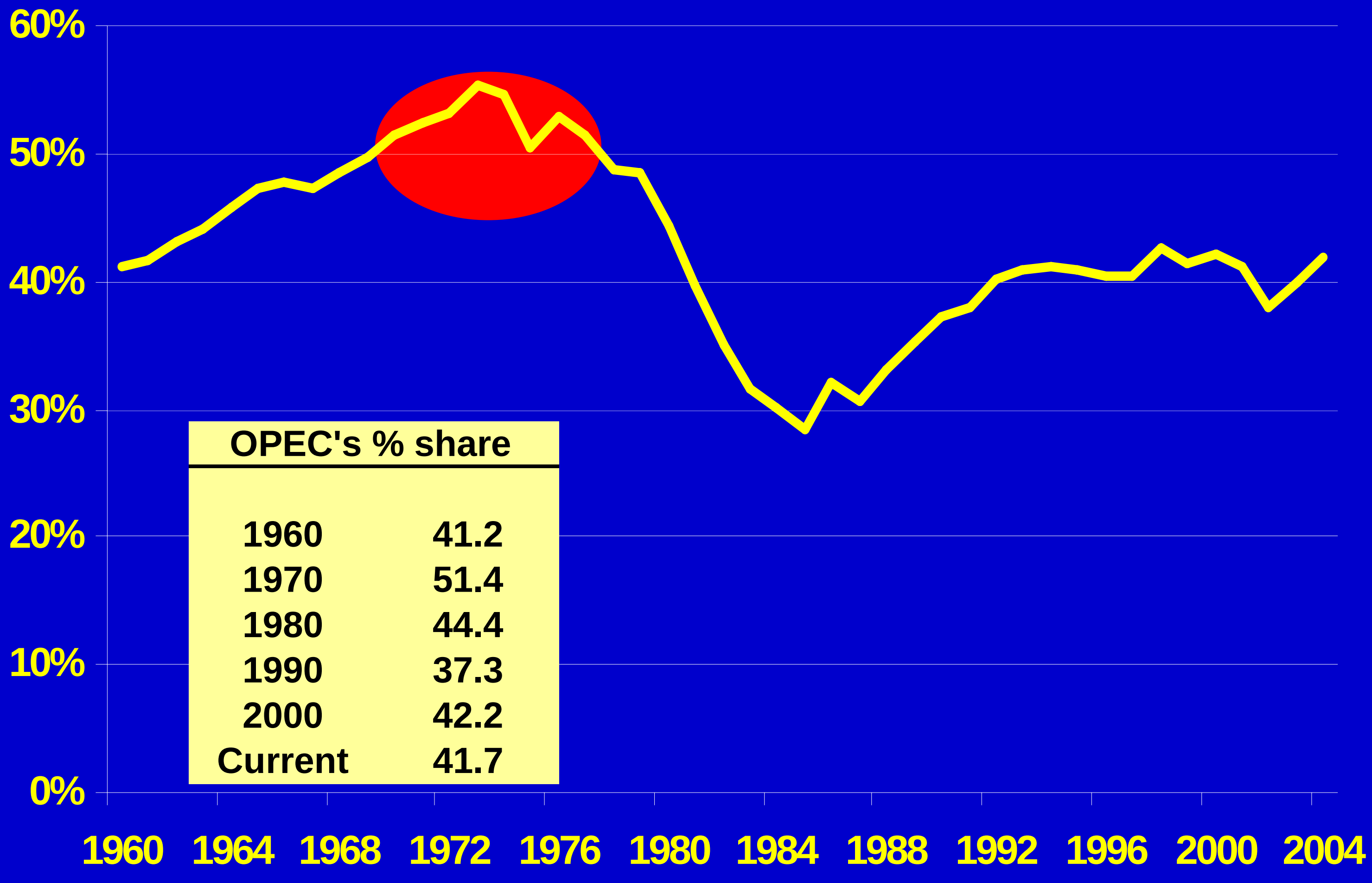
OPEC share of world crude oil production, *%*



OPEC's % share	
1960	41.2
1970	51.4
1980	44.4
1990	37.3
2000	42.2
Current	41.7

OPEC Annual Statistical Bulletin, 2004

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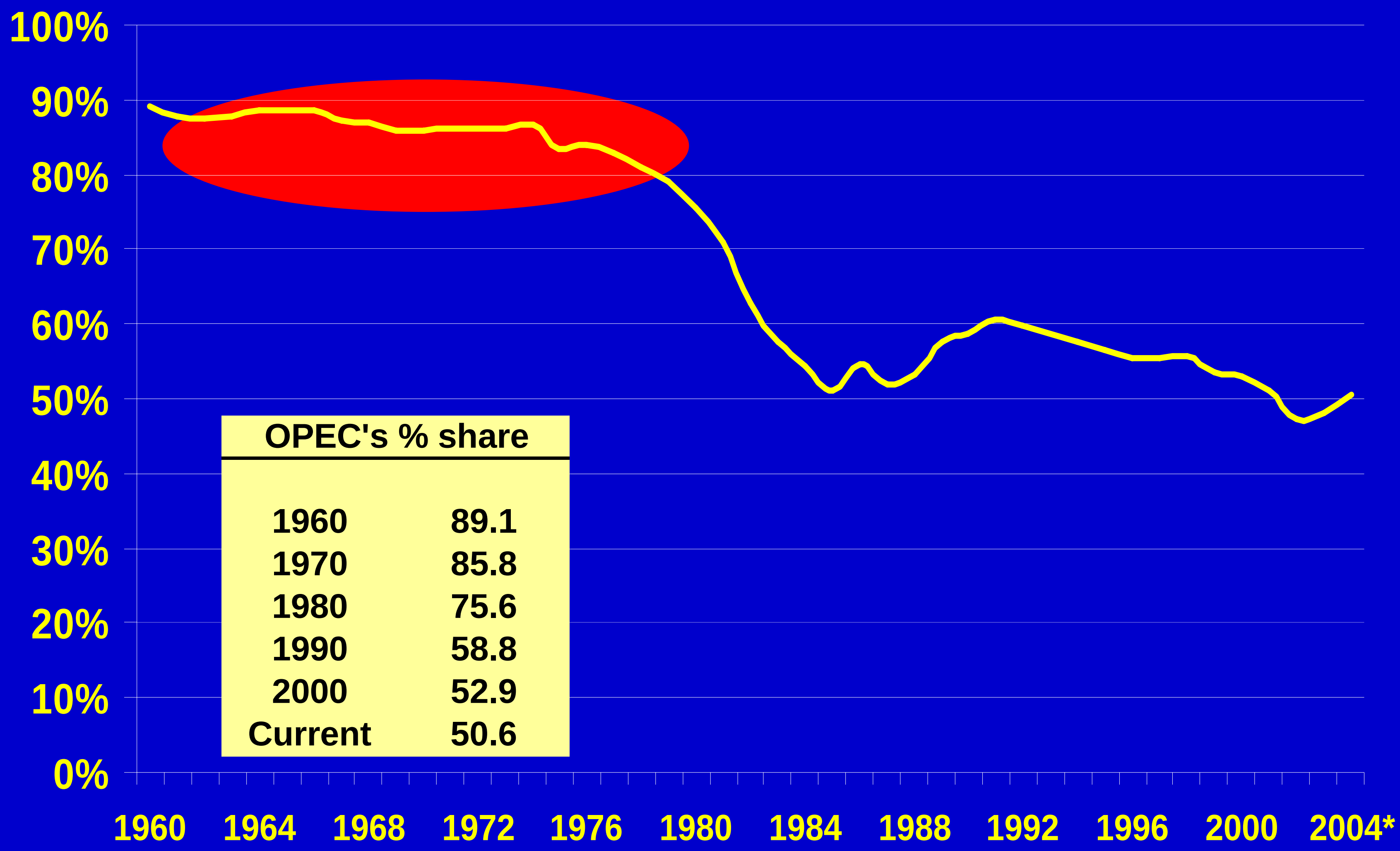
OPEC share of world crude oil exports, *%*



OPEC's % share	
1960	89.1
1970	85.8
1980	75.6
1990	58.8
2000	52.9
Current	50.6

OPEC Annual Statistical Bulletin, 2004

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World crude oil production, 2004

mb/d

		% world	% non-OPEC
OPEC	**29,577.7**	***41.9***	
Non-OPEC	**40,997.7**	***58.1***	
DCs	17,598.8	*24.9*	*42.9*
Others	23,398.9	*33.2*	*57.1*
World	**70,575.4**	***100***	

OPEC Annual Statistical Bulletin, 2004

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OPEC/non-OPEC relationship

- **No impenetrable line between OPEC and non-OPEC**

- **Softening of divides over many years**

  - Major advances in dialogue and cooperation

    Encouraged by OPEC

  - Non-OPEC support for OPEC stabilisation measures

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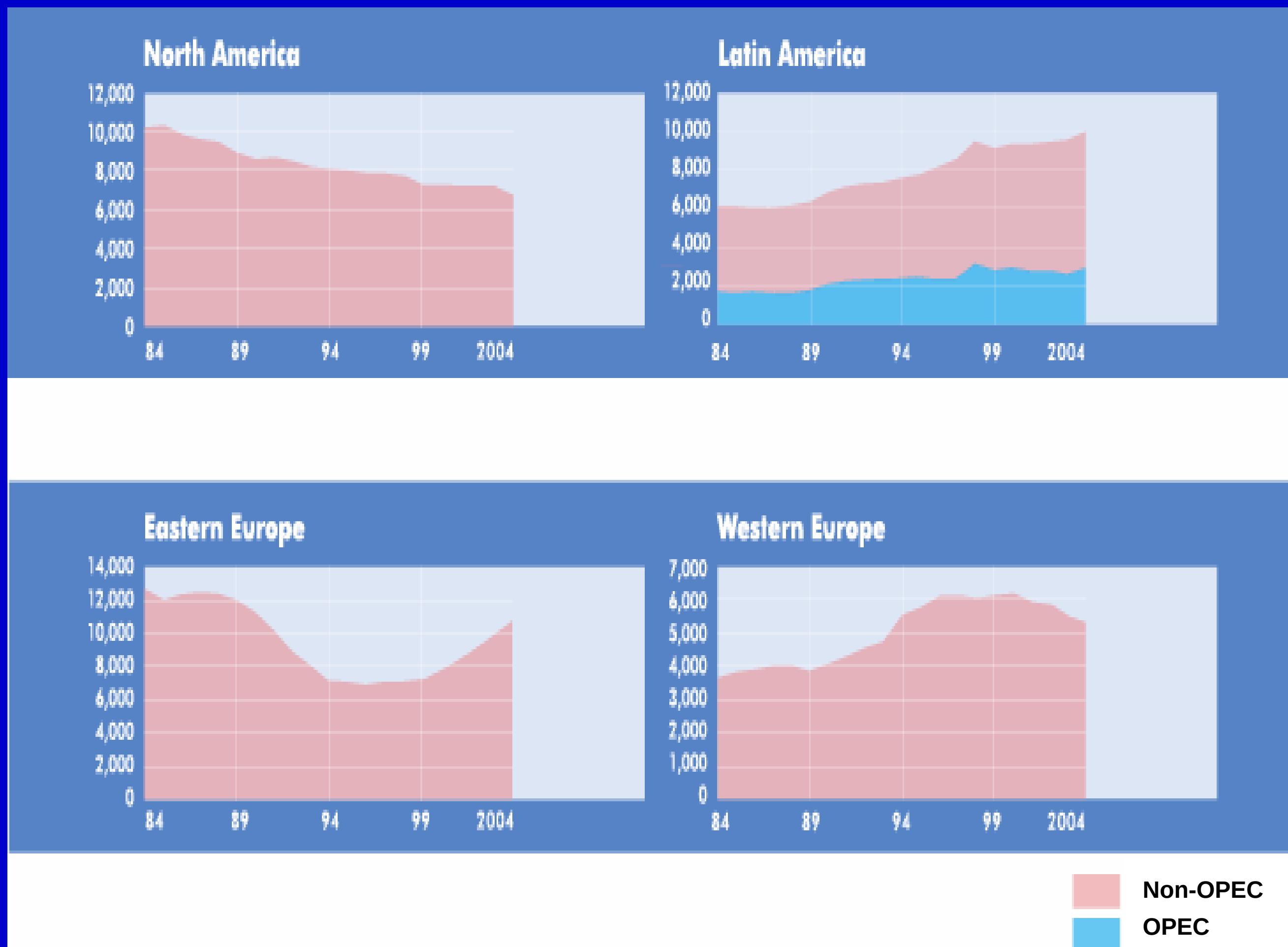
Regional crude oil production, 1984–2004
mb/d



OPEC Annual Statistical Bulletin, 2004

Regional crude oil production, 1984–2004
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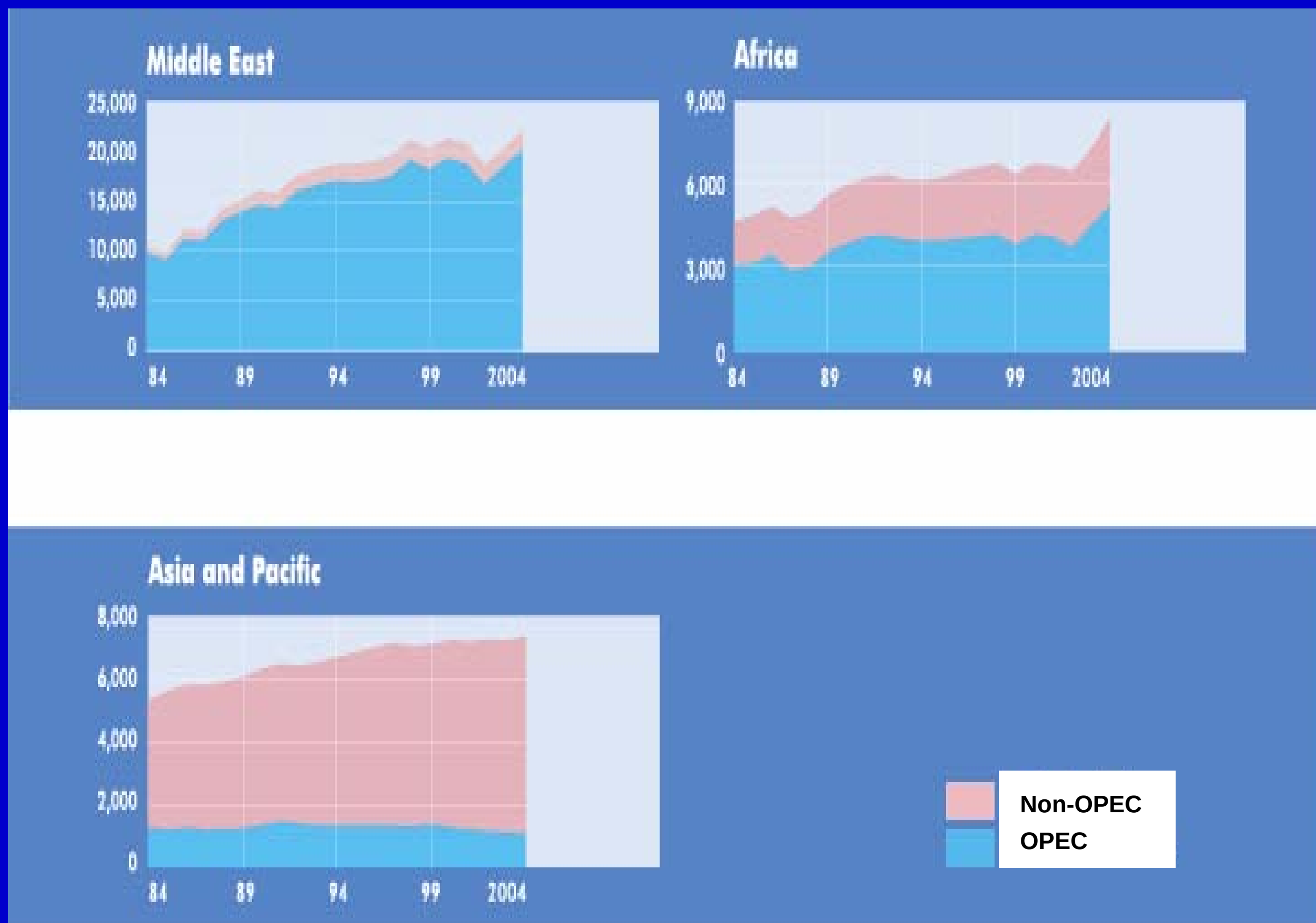

OPEC Annual Statistical Bulletin, 2004

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Long-term oil demand outlook, *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 %)**

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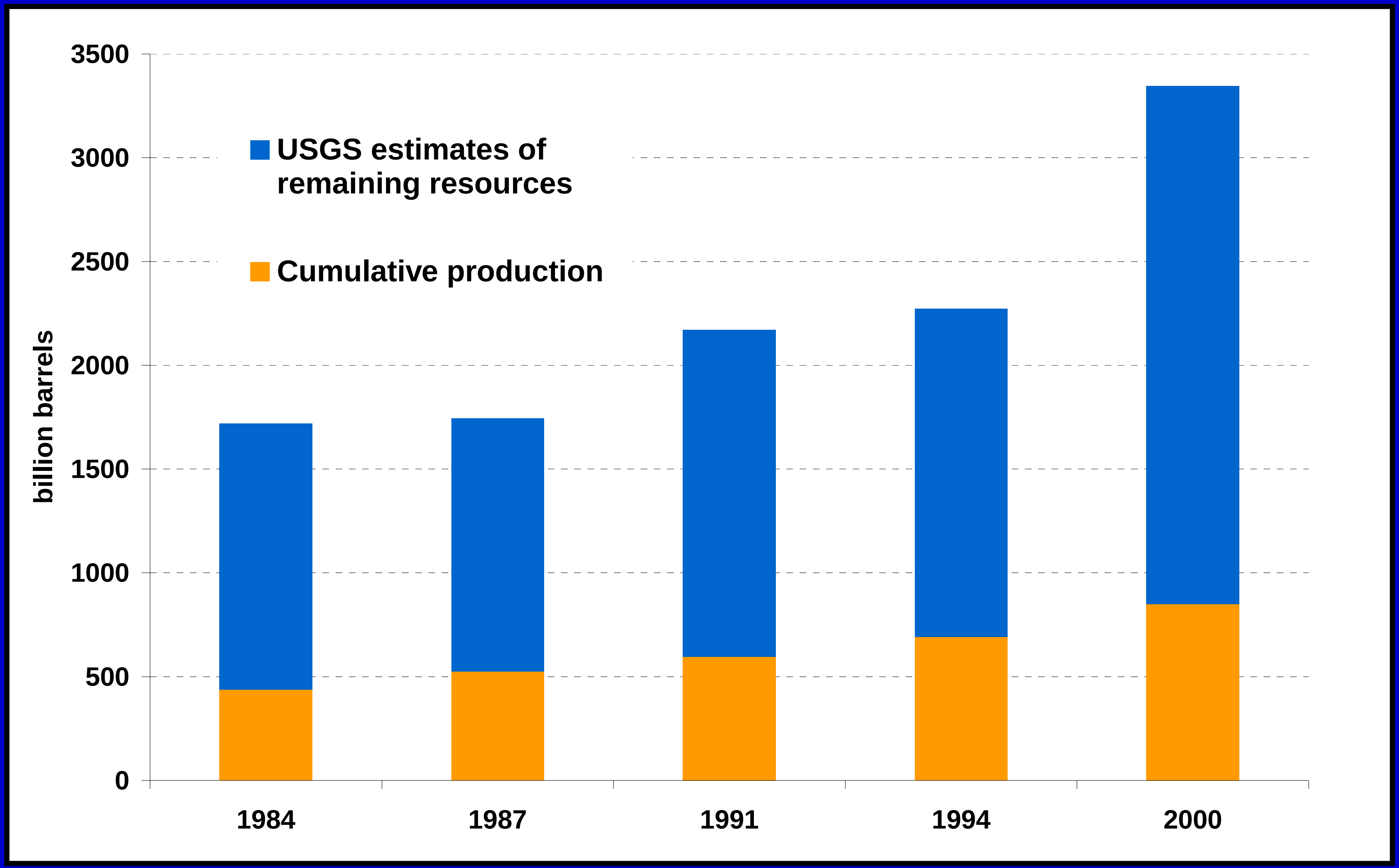
Conventional liquid resource base is sufficient



Date of assessment release

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Long-term oil supply outlook, *mb/d*

	2005	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 increases: Latin America, Africa, Russia, Caspian

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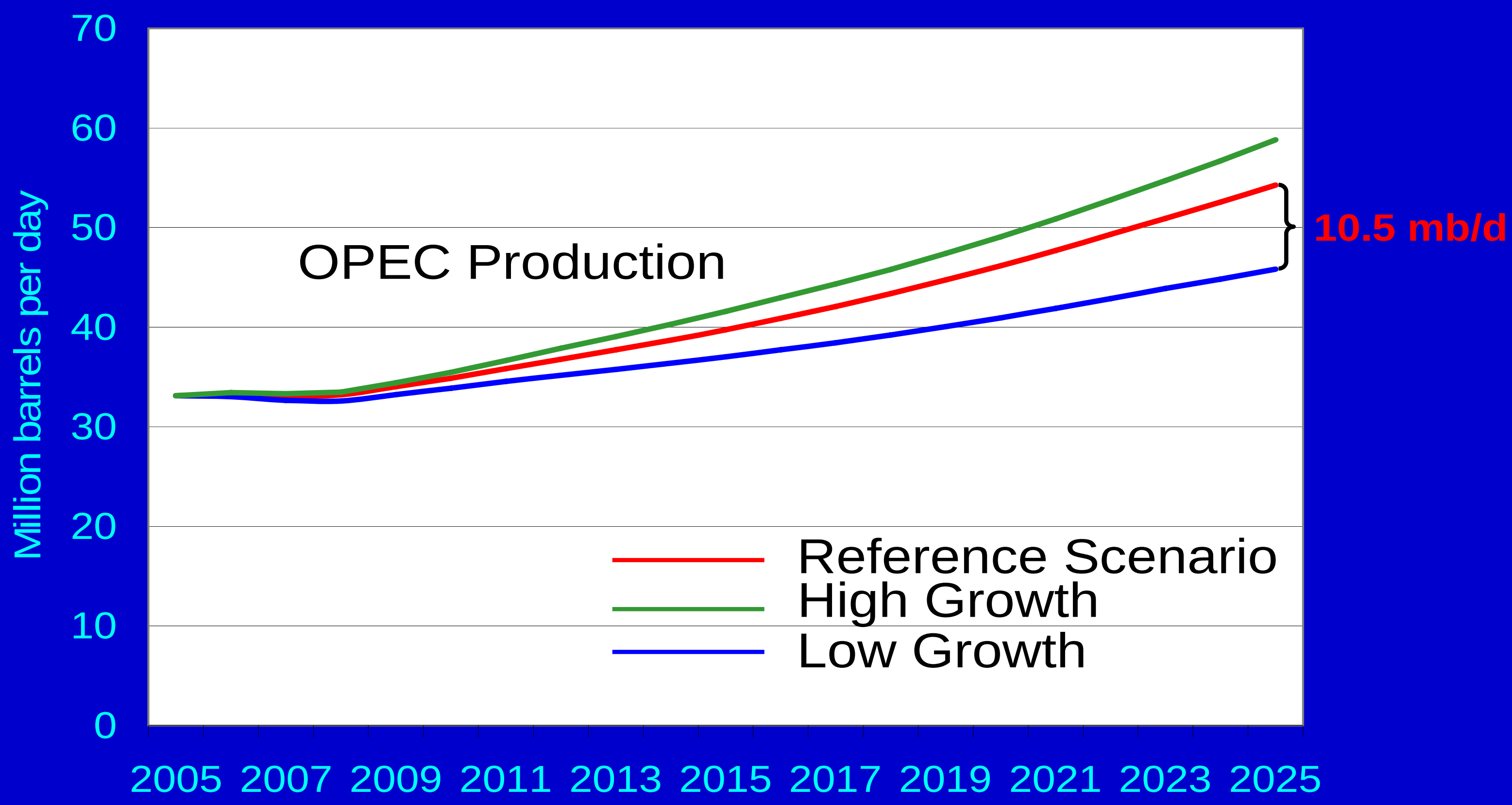
Oil demand growth uncertainties

- Higher or lower economic growth
- Technological developments, especially transportation sector
- Consuming country energy and environmental policies



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Dialogue and cooperation

- **Continued cooperation & genuine dialogue: underlying consensus on handling major issues of mutual concern for the benefit of all.**

  International Energy Forum; International Energy Agency;

  EU-OPEC Energy Dialogue; OPEC-China Energy Dialogue; OPEC-Russia Energy Dialogue; Asian Oil & Gas Ministers Round Table; Non-OPEC at OPEC Conferences; OPEC & Non-OPEC experts meetings …

- **Effective engagement on all interrelated issues:**
  - **Security of supply and demand**
  - **Price stability**
  - **Energy policies**
  - **Multilateral issues**
  - **Technology**

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Concluding statement

The huge advances in dialogue and cooperation of recent years in an interdependent global oil industry will help OPEC and non-OPEC producers become better-equipped to meet the future challenges and find a better balance of interests between producers and consumers.

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