



# Roundtable Discussion “Regional Cooperation: Key to Energy Security”

## *“Energy Security in an Interdependent World, OPEC’s Role and Objectives”*

New Delhi

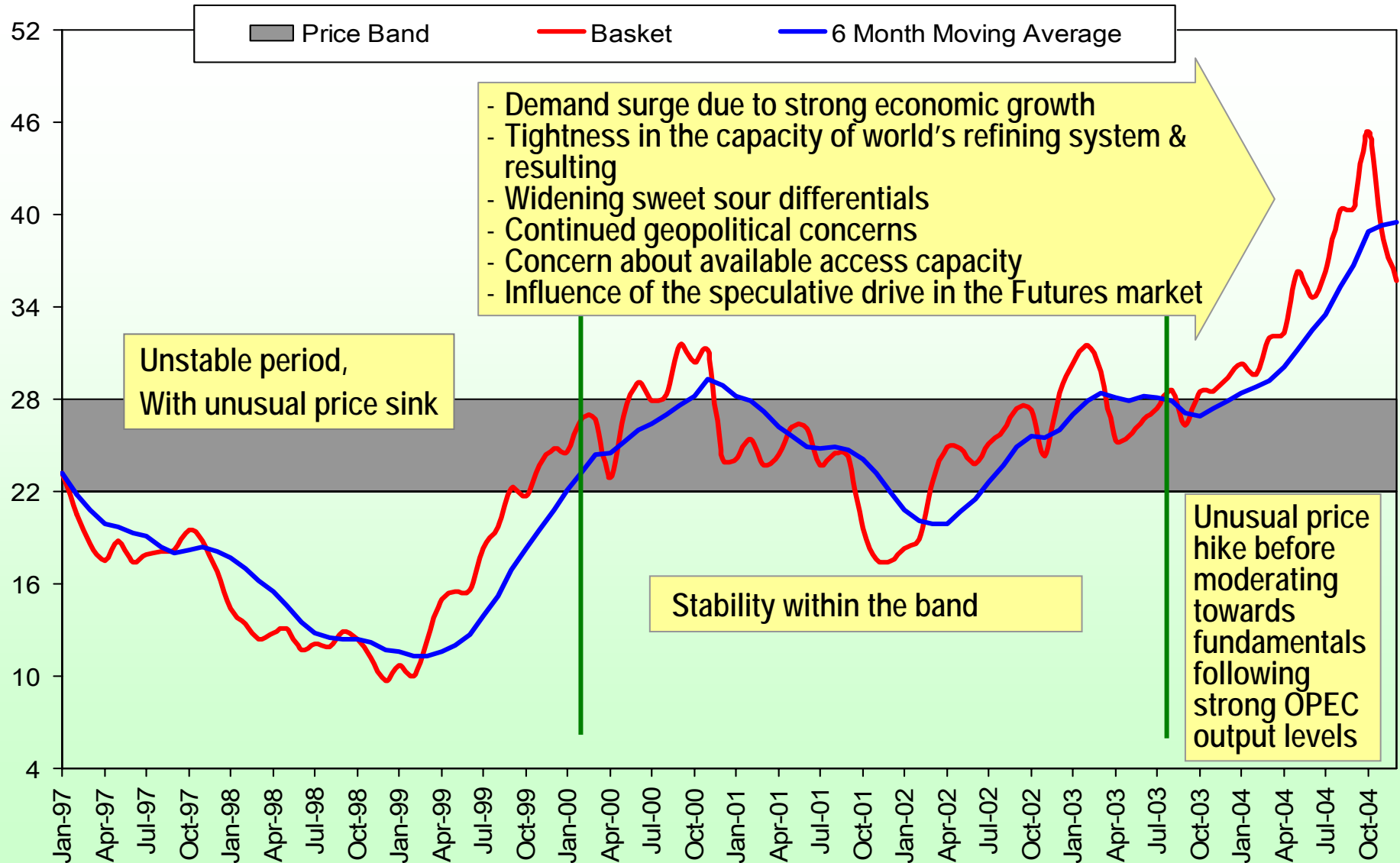
January 6, 2005

Presented by  
Dr. Adnan Shihab-Eldin

Organization of the Petroleum Exporting Countries  
Vienna, Austria



# OPEC Reference Basket (\$US/b)

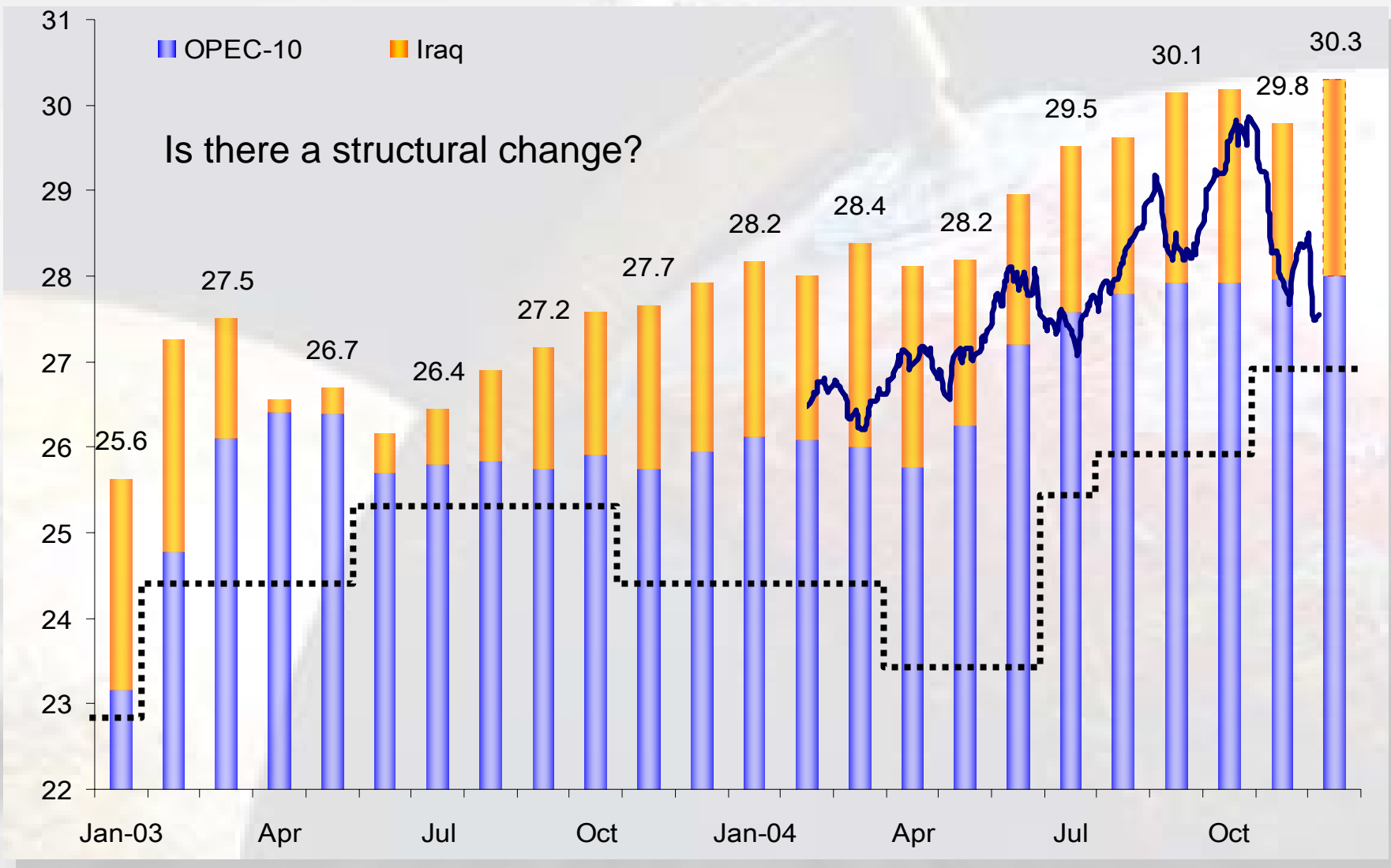




# OPEC crude oil production, 2003-2004

(based on secondary sources, mb/d)

The World has benefited from OPEC spare capacity





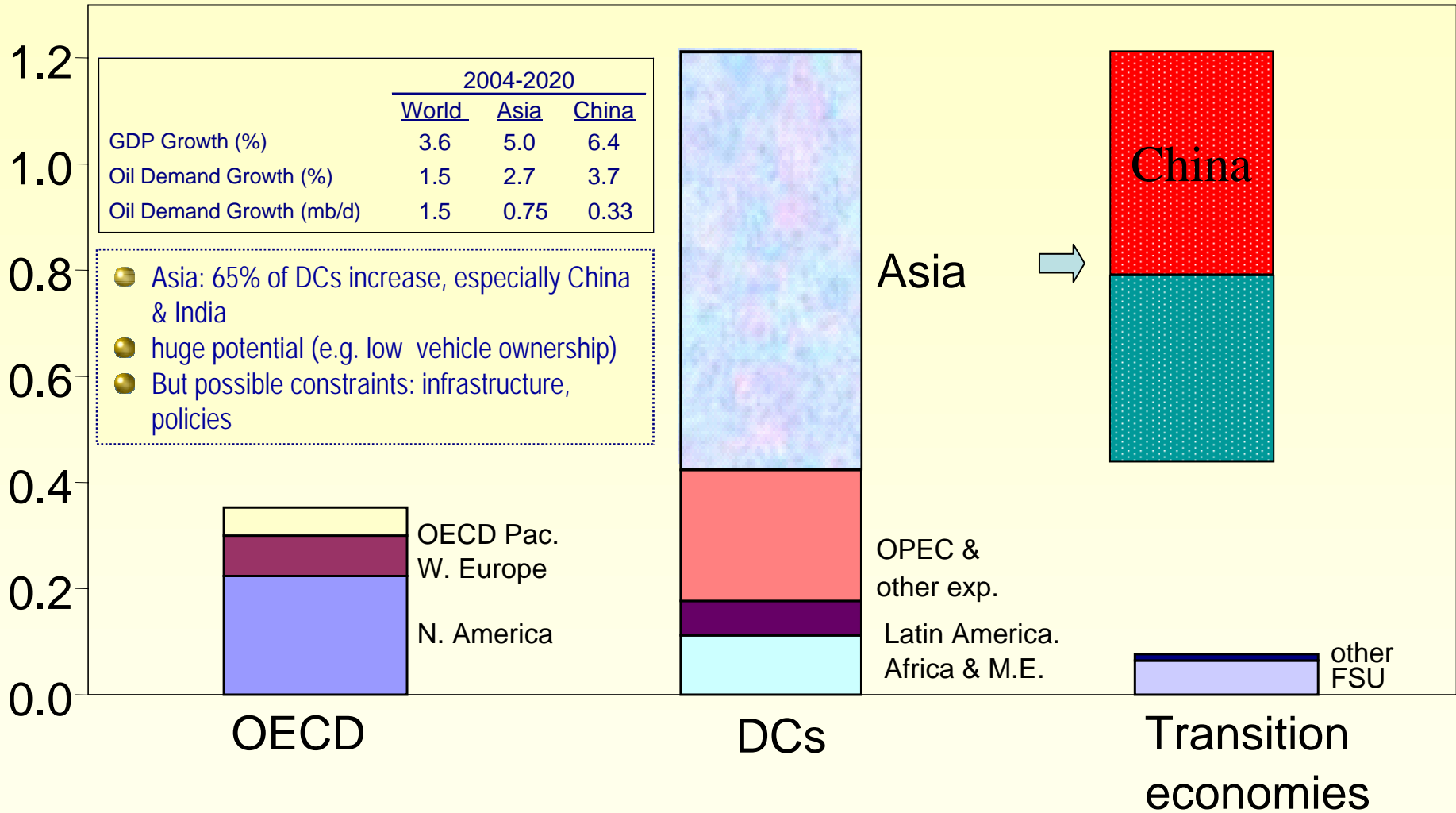
# Oil Demand Outlook, mb/d

<b>Reference</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>
OECD	51.2	52.9	54.5	55.8
DCs	32.3	38.5	45.3	52.5
Trans. Econ.	5.3	5.7	6.0	6.3
<b>Total World</b>	<b>88.7</b>	<b>97.1</b>	<b>105.8</b>	<b>114.6</b>
Low economic growth scenario	84.2	88.8	93.2	97.4
(diff. to DAU)	<b>-4.5</b>	<b>-8.2</b>	<b>-12.6</b>	<b>-17.3</b>

- “Dynamics-as-usual”: observed patterns, no new strong policy drives
- Oil demand increases by an average of **1.6 mb/d annually**
- Almost three-quarters of the increase in demand of **38 mb/d over the period 2002–2025** comes from developing countries
- **Transportation** continues to be the dominant source of growth (~60 %)
- Many **uncertainties**: GDP, technology, policy – *substantial downside risks*
- *Issue of security of demand*



# Annual growth in oil demand, 2004-2025, Reference, mb/d pa



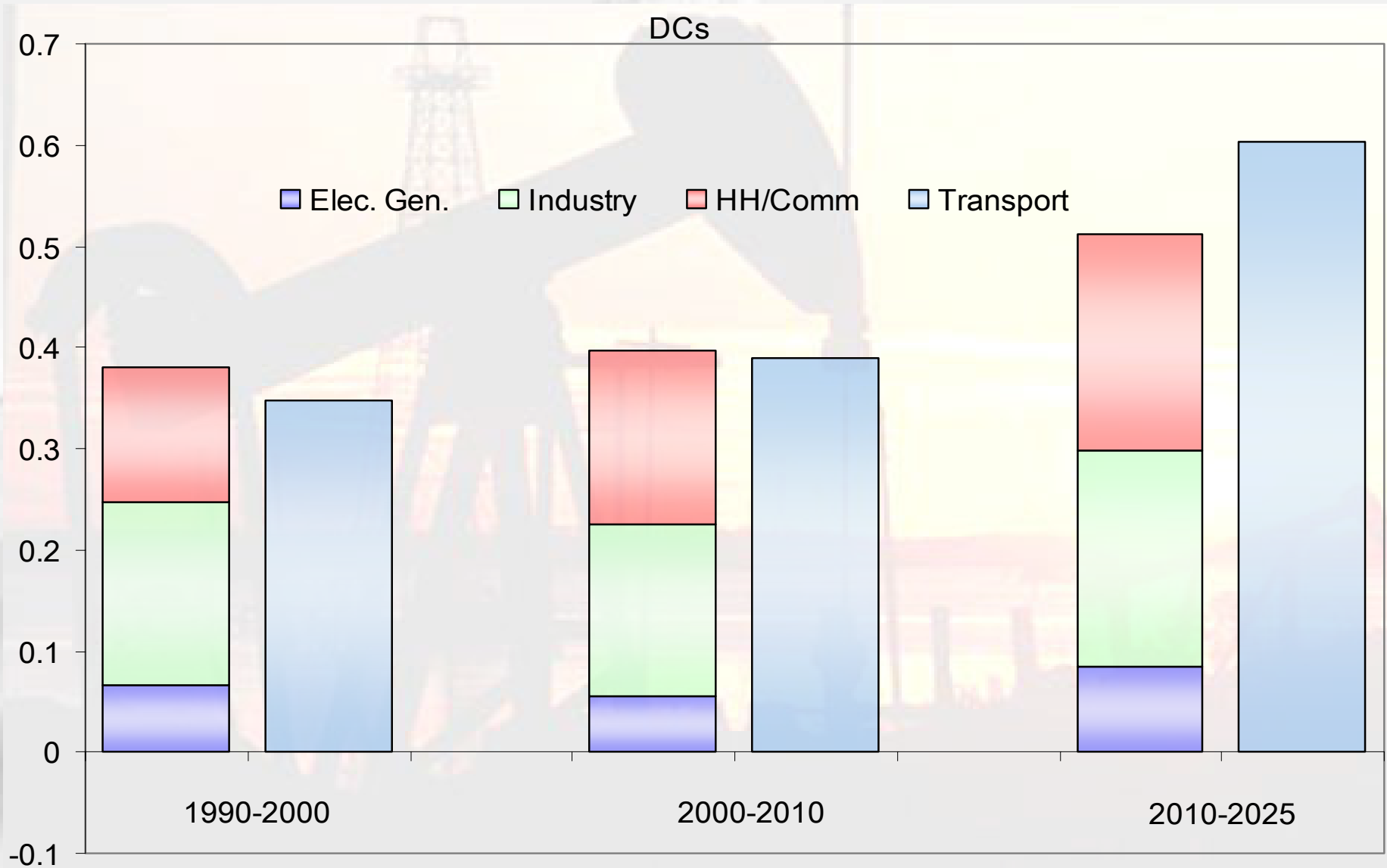


# Oil Demand & Net Oil Requirements in Asia 2005-2020, (mb/d)

	<u>2005</u>	<u>2010</u>	<u>2020</u>	<u>growth (2005-2020)</u>	
				<u>% pa</u>	<u>mb/d</u>
<b>Oil demand</b>					
OECD Pacific	8.5	8.7	8.9	0.3	0.03
South Asia	3.1	4.0	6.4	5.0	0.22
South-East Asia	4.3	5.1	6.9	3.2	0.17
China	6.7	8.3	11.6	3.7	0.33
<b>Total Asia</b>	<b>22.6</b>	<b>26.1</b>	<b>33.8</b>	<b>2.7</b>	<b>0.75</b>
Asian share in total World	27%	29%	33%		
<b>Oil supply</b>					
OECD Pacific	0.5	0.7	1.0	4.7	0.03
China	3.5	3.6	3.6	0.2	0.01
Other Asia	2.5	2.6	2.5	0.0	0.00
<b>Total Asia</b>	<b>6.5</b>	<b>6.9</b>	<b>7.1</b>	<b>0.6</b>	<b>0.04</b>
<b>Total Asia Net oil import req.</b>	<b>16.1</b>	<b>19.2</b>	<b>26.7</b>	<b>3.4</b>	<b>0.71</b>
<b>OPEC supply</b>	<b>32.1</b>	<b>35.0</b>	<b>46.8</b>		
OPEC share in total World	39%	39%	45%		

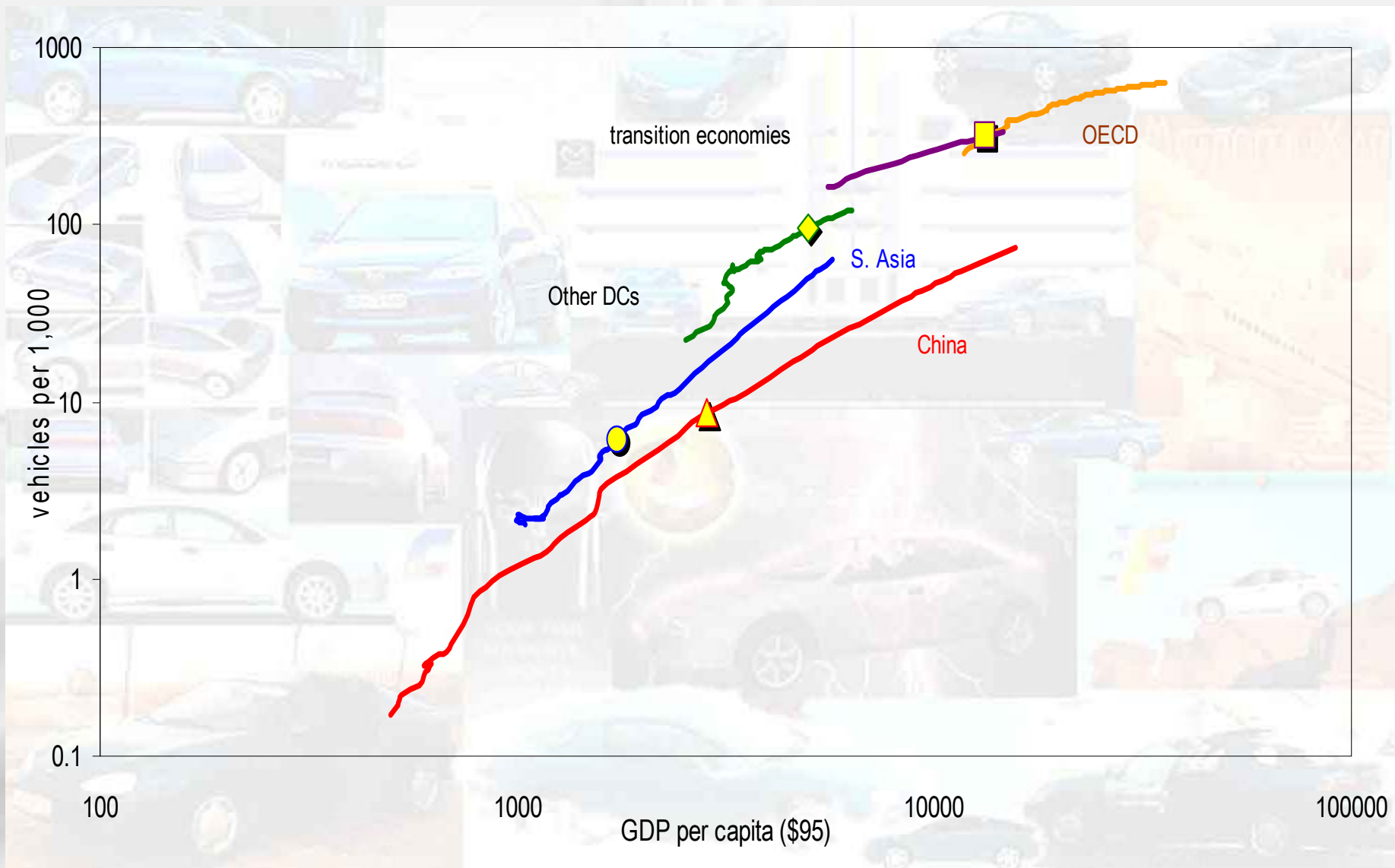


# Annual growth in oil demand by sector (mb/d)





# Vehicle intensities 1970-2025





H7

Today's figures (or points ) could be added  
Hamel, 12/29/2004

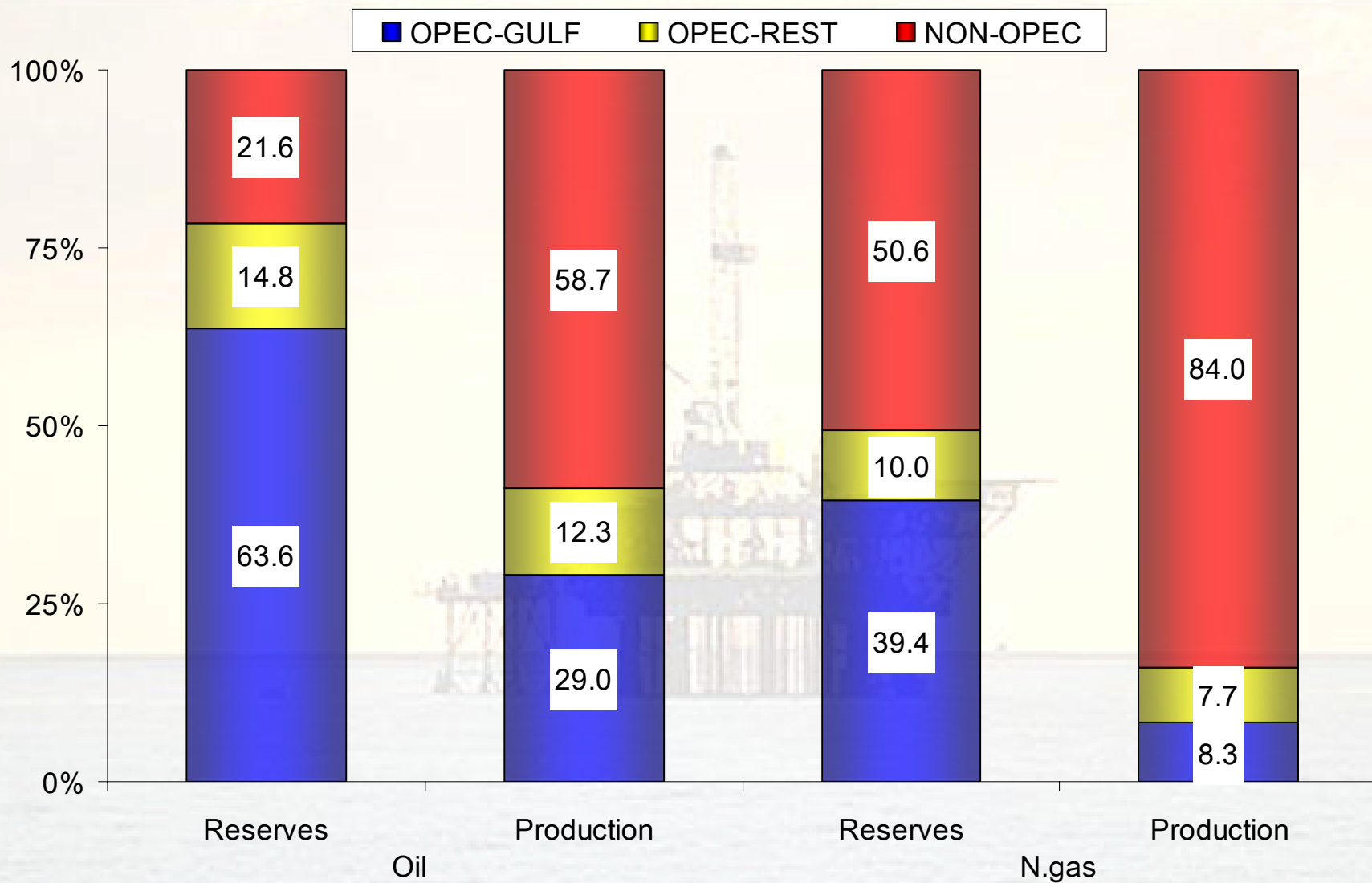


# OPEC's objectives

- Stable markets
  - Reasonable prices
    - Steady revenues
    - Secure adequate and economically efficient supply
    - Fair returns to investors
- ⇒ Consistent with robust economic growth



# Shares in Oil & Natural Gas %





# Investment in production capacity

The bulk of incremental supply to meet demand growths will come from OPEC, in particular the ME:

- To meet increase in overall demand
- To replace exhausted reserves
- To cope with unexpected shortages (adequate spare capacity)

⇒ Oil must & can be cleaner, safer and more efficient

Partnership for

**Sustained Growth & Sustained Supply**



# Dialogue and cooperation

- Big advances in recent years
- The industry is much better off if there is an underlying consensus on such major issues as price stability, outlook for demand growth and investments to assume adequate supply, the environment and sustainable development. (2 sides of Energy Security)
- But large uncertainties remain and require continuous review and adjustments
- Downstream just as important



# Roundtable Discussion

**Thank you**