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Global exploration and production spending

<table>
<thead>
<tr>
<th>(by region)</th>
<th>Spending (billion US$)</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>205</td>
<td>133</td>
</tr>
<tr>
<td>Latin America</td>
<td>70</td>
<td>55</td>
</tr>
<tr>
<td>Europe</td>
<td>38</td>
<td>28</td>
</tr>
<tr>
<td>Middle East</td>
<td>44</td>
<td>41</td>
</tr>
<tr>
<td>Africa</td>
<td>26</td>
<td>22</td>
</tr>
<tr>
<td>India, Asia &amp; Australia</td>
<td>108</td>
<td>79</td>
</tr>
<tr>
<td>Russia/FSU</td>
<td>49</td>
<td>38</td>
</tr>
<tr>
<td><strong>Worldwide E&amp;P</strong></td>
<td>670</td>
<td>494</td>
</tr>
</tbody>
</table>

Source: Barclays Research
OPEC landmark decisions in 2016

Algiers Accord
- 170th (Extraordinary) Meeting of the Conference – 28 September 2016; Algiers

Vienna Agreement
- 171st Meeting of the Conference – 30 November 2016; Vienna

Joint Declaration of Cooperation
- OPEC and non-OPEC Ministerial Meeting – 10 December 2016; Vienna
Global economic picture reshuffles

- GDP growth gradually recovers to average 3.4% p.a. in the medium-term and then 3.5% p.a. in the long-term
- Developing countries account for three-quarters of that growth
Energy demand will increase by 40%

- Energy demand of 382 mboe/d by 2040; bulk of increase from Developing countries
- Oil and gas to satisfy 53% of world’s energy needs by 2040
Oil demand at 99 mb/d in 2021, 109 mb/d in 2040

- Oil demand increases by 16.4 mb/d to reach 109.4 mb/d in 2040
  - Growth is driven by DCs
  - One-third of total growth comes from the road transportation sector
Non-OPEC supply: recovers then slowly falls

- Slow road to recovery for non-OPEC supply in the medium-term
  - Growth coming mainly from Latin America and US & Canada

- Thereafter, non-OPEC supply remains fairly flat, but declines post-2030

- OPEC crude rises to 41 mb/d in 2040, accounting for 37% of world liquids
New refining capacity follows demand growth

- New refining capacity moves to developing regions, led by Asia-Pacific
- Oil demand growth decelerates and non-crude supplies increases: required capacity additions drop
- Capacity rationalization is a long-term requirement

![Crude distillation capacity additions](chart)

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Thank you

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